

BROCHURE OF

AlphaBet Management, LLC

A Delaware limited liability company
registered with the Securities and Exchange Commission
as an Investment Adviser (CRD # 150413)

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The Date of this Brochure is:

March 31, 2011

The delivery of the Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

Item 2.

Material Changes

Below is a discussion of only material changes since our last update of our Brochure on April 20, 2010.

- We have updated and included a fuller description of the Partnership's investment program (and included Risk Factors relating thereto).
- The Partnership is now offering interests only to investors that are both "accredited investors" and "qualified purchasers" (instead of "accredited investors" and "qualified clients") as a consequence of the conversion of the Partnership from an entity that relies on the Investment Company Act 3(c)(1) exemption to an entity that relies on the Investment Company Act 3(c)(7) exemption.
- Andrew Garnock has been removed as a related person and Nelson Saiers has been added as a related person.
- We have included a fuller description on the expenses for which the Partnership is responsible.
- The "hard" 12 month "Lock-Up Period" has been updated to reflect instead an "Early Withdrawal Fee" for withdrawals within the first 12 months of investment.
- We have updated the description of the AlphaBet Management, LLC proxy voting policy.

Item 3.

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Part 2A –FIRM BROCHURE

Item 4. Advisory Business

- (A) AlphaBet Management, LLC (“Firm”, “Investment Manager”, “we”, “us” or “our”), a Delaware limited liability company, is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). As stated on the cover page of this Brochure, registration as an investment adviser does not imply a certain level of skill or training. Jason Adler (the “Principal”) is the principal owner of Firm. Firm has been in business since 2007.

Firm provides investment management services to, and has discretionary investment authority over the assets of, pooled investment vehicles, currently Alphabet Partners, LP, a Delaware limited partnership (the “Partnership”, and the investors therein, the “Investors” or the Limited Partners”) and Alphabet Offshore, Ltd., a Cayman Islands exempted company (the “Offshore Fund”), which invests substantially all of its assets into the Partnership through a “mini-master” fund structure. References herein to the “Partnership” and the “Investors” or “Limited Partners” shall include the Offshore Fund and its investors, unless the context otherwise requires. AlphaBet Advisors, LLC, a Delaware limited liability company (the “General Partner”), is a related person to Firm and serves as the general partner to the Partnership. The Principal is the controlling person of the General Partner.

The Firm has a chief investment officer (the “Chief Investment Officer”), who manages a team that trades and invests a substantial separate portion of the Partnership’s capital. In addition, the Investment Manager may delegate discretionary investment authority over a distinct portion of the Partnership’s assets to several independent portfolio managers/traders (“Traders”), who would report to the Firm’s Chief Risk Officer (not the Chief Investment Officer).

The Partnership owns 100% of the economic interest in MOG Capital, LLC (“MOG”), a registered broker-dealer with membership at the Chicago Board Options Exchange (the “CBOE”). The Partnership currently effectuates the majority of its investment program through MOG and the majority of the Partnership's assets are invested in MOG. References to activities of the “Partnership” consist of either direct Partnership activities or those activities the Partnership has an interest in via its investment program in MOG. Additionally, the Partnership may in the future effectuate its investment program (1) through other broker-dealers in addition to MOG or instead of MOG or (2) not through any broker-dealer at all. The managing member of MOG is the Investment Manager. Jason Adler is an executive officer of MOG. Please see Item 10(A) for a more detailed description of the Firm and the Partnership's relationship with MOG.

- (B) Firm provides investment management services to, and has discretionary investment authority over the assets of, pooled investment vehicles, currently the Partnership. Advisory services include among other things, providing advice regarding asset allocation and the selection of investments. The decisions relating to the investment advice are based on analysis of the merits of the security involved and on the investment guidelines and restrictions of the Partnership. Firm does not hold itself out as specializing in a particular type of advisory service. Firm does not provide investment advice only with respect to limited types of investments.
- (C) We do not tailor our advisory services to the individual needs of Investors. Investors may not impose restrictions on investing in certain securities or types of securities. The Partnership's investment strategy is described in Item 8(A).
- (D) Firm does not participate in wrap fee programs by providing portfolio management services.
- (E) We manage client assets on a discretionary basis in the amount of \$274,600,000 (rounded to the nearest \$100,000) as of March 1, 2011. We do not manage any client assets on a non-discretionary basis as of March 1, 2011.

Item 5. Fees and Compensation:

- (A) See Item 6 for a description of how we are compensated for our advisory services.
- (B) See Item 6 for a description of how we are compensated for our advisory services.
- (C) *Organizational and Initial Offering Expenses.* The Partnership has reimbursed the General Partner, the Investment Manager and/or their affiliates for all organizational and initial offering expenses of the Partnership, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees).

Operating Expenses. The Partnership shall pay or reimburse the General Partner, the Investment Manager and their affiliates for (i) all expenses incurred in connection with the ongoing offer and sale of interests in the Partnership ("Interests"), including, but not limited to, printing of the Partnership's Confidential Private Placement Memorandum and exhibits and documentation of performance and the admission of Limited Partners, (ii) all operating expenses of the Partnership such as tax preparation fees, governmental fees and taxes, administrator fees, costs of communications with Limited Partners, and ongoing legal, accounting, auditing,

bookkeeping, consulting and other professional fees and expenses, (iii) all Partnership research, trading and investment related costs and expenses (e.g., research reports, due diligence on portfolio companies, brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges), and (iv) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Partnership, including, without limitation, professional and other advisory and consulting expenses and travel expenses, and whether or not pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer.

Each of the General Partner, the Investment Manager or any of their respective affiliates, in its sole discretion, may from time to time pay for any of the foregoing Partnership expenses. Any such person may elect to be reimbursed for such expenses, or to waive its right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

MOG Expenses. The Partnership will pay the operating expenses of MOG, including all incentive and other fees payable to MOG's traders, which may include payouts to the Principal, the Chief Investment Officer or other members of the General Partner, and all legal and other costs associated with MOG's regulatory requirements. Additionally, the Partnership may in the future effectuate its investment program through other broker-dealers in addition to MOG or instead of MOG at the sole discretion of the General Partner, in which event the Partnership would be responsible to pay the operating expenses of those entities as well.

General Partner's and Investment Manager's Expenses. The Partnership will pay the General Partner's and the Investment Manager's general operating and overhead expenses associated with providing management and investment management services. These expenses include all reasonable expenses incurred by the General Partner and the Investment Manager in providing for their normal operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., any incentive and other fees payable to any traders that trade directly through the Partnership, employee compensation and benefits, rent, office equipment, insurance, utilities, telephone, secretarial, clerical and bookkeeping services, etc.).

Brokerage Practices. See Item 12 for a discussion of our brokerage practices.

- (D) Our clients are not required or permitted to pay any of our fees in advance.
- (E) Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6. Performance Based Fees and Side-by-Side Management:

PERFORMANCE ALLOCATION GENERALLY

The General Partner shall receive a performance allocation (“Performance Allocation”) at the close of each fiscal quarter (or other applicable period as set forth below) equal to 20% of the net increase in net asset value (including realized and unrealized gains) for such period in respect of each Limited Partner’s capital account, subject to a Loss Carryforward provision (sometimes referred to as a “high water mark”), as set forth herein. The Performance Allocation shall not include any change in the value of a security or other financial instrument held in a Side Pocket Account (as defined herein), until such security or other financial instrument (or the proceeds thereof) is reallocated from the Side Pocket Account to the capital accounts of participating Partners.

Upon any withdrawal by a Limited Partner, whether voluntary or involuntary, the Performance Allocation shall be allocated with respect to the amounts withdrawn. The Performance Allocation shall also be allocated upon dissolution of the Partnership. The Performance Allocation shall be allocated in addition to, and separately from, the proportionate allocations of income and profits, or losses, to the General Partner and/or its affiliates based upon their capital accounts relative to the capital accounts of all partners of the Partnership (“Partners”). The General Partner, in its sole discretion, may waive or reduce its Performance Allocation with respect to any Limited Partner for any period of time, or agree to modify any such Performance Allocation for that Limited Partner. The General Partner, in its sole discretion, may reallocate a portion of its Performance Allocation to certain Limited Partners.

The Performance Allocation is subject to what is commonly known as a “high water mark” provision. That is, if a Limited Partner’s capital account has a net decrease in net asset value in any fiscal quarter (or other applicable period), this loss will be recorded and carried forward as to such capital account to future fiscal quarters (or other applicable periods) (such amount is referred to as the “Loss Carryforward”). The General Partner will not receive the Performance Allocation from such capital account in any future fiscal quarter (or other applicable period) until the Loss Carryforward amount for such capital account has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative net increase in net asset value allocable to such capital account for the fiscal quarters (or other applicable periods) following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation shall be based on the excess net increase in net asset value (over the Loss Carryforward amount) as to such capital account, rather than on the entire net increase in net asset value. When a Limited Partner withdraws capital, any Loss Carryforward will be adjusted downward in proportion to the withdrawal. The General Partner may agree with any Limited Partner to apply a different Loss Carryforward provision for such Limited Partner.

WITHDRAWAL TERMS

Limited Partner Withdrawals. Subject to the Early Withdrawal Fee (as defined below), Limited Partners may withdraw a minimum of \$100,000 as of the last day of any quarter (each such date, together with any other date upon which the General Partner permits a withdrawal, shall be referred to herein as a “Withdrawal Date”), upon at least 45 days’ prior written notice to the General Partner, and in such other amounts and at such other times as the General Partner may determine in its sole discretion. Partial withdrawals may not be made if they would reduce a Limited Partner’s capital account balance below \$1,000,000. All withdrawals shall be deemed made prior to the commencement of the following quarter. The General Partner believes (but cannot guarantee) that the assets of the Partnership will be invested in a manner that would allow the General Partner to satisfy withdrawal requests. The Partnership has the right to pay cash or in-kind, or a combination of both, to a Limited Partner that makes a withdrawal from such Limited Partner’s capital account.

Early Withdrawal Fee. Any withdrawals of capital (including earnings thereon) by a Limited Partner within the first 12 months after such Limited Partner’s investment of such capital shall be subject to an early withdrawal fee (“Early Withdrawal Fee”) equal to 5% of the amount withdrawn. The Early Withdrawal Fee shall be deducted from the withdrawal proceeds and payable to the Partnership. If a Limited Partner purchases Interests on multiple dates, each tranche of Interests will be tracked separately for purposes of determining the Early Withdrawal Fee attributable to such Interests, and withdrawals will be deemed made from Interests purchased on the earliest date. The General Partner may agree to waive all or a portion of the Early Withdrawal Fee for any Limited Partner.

If the General Partner, in its discretion, permits a Limited Partner to withdraw capital other than on a regularly scheduled Withdrawal Date, the General Partner may impose an administrative fee to cover the legal, accounting, administrative, brokerage, and any other costs and expenses associated with such withdrawal.

Payments. A Limited Partner who requests a withdrawal of capital that constitutes, together with prior withdrawals within any fiscal year, less than 90% of the value of such Limited Partner’s capital account (excluding Side Pocket Accounts), shall be paid within 30 days after the applicable Withdrawal Date. A Limited Partner who is withdrawing 90% or more of the value of such Limited Partner’s capital account (excluding Side Pocket Accounts) in the aggregate within any fiscal year shall be paid 90% of an amount estimated by the General Partner to be the amount to which the withdrawing Limited Partner is entitled (calculated on the basis of unaudited data) within 30 days after the applicable Withdrawal Date. The balance of the amount payable upon such withdrawal (subject to any audit adjustment) shall be paid, without interest, within 30 days after completion of the December 31 audited financial statements for the fiscal year in which the withdrawal occurs. The balance remaining will not be considered to be invested in the Partnership.

Upon withdrawal of all of the capital in its capital account (excluding amounts in Side Pocket Accounts), a Limited Partner shall be deemed to have withdrawn from the Partnership, and upon notice of such withdrawal, a Limited Partner shall not be entitled to exercise any voting rights afforded to Limited Partners under the Partnership Agreement.

The value of the Limited Partner's capital account is determined in accordance with the Partnership Agreement, which is calculated to include original and additional capital contributions and withdrawals by a Limited Partner, and increases or decreases in the Net Asset Value of the Partnership allocable to the withdrawing Limited Partner through the date of withdrawal.

Limitations on Withdrawals. The Partnership may suspend or postpone the payment of any withdrawals from capital accounts (i) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership's investments impractical or prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership's investments impractical or prejudicial to the Partners; (ii) where any withdrawals or distributions, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; or (iii) for such other reasons or for such other periods as the General Partner may in good faith determine. In the event that Limited Partners, in the aggregate, request withdrawals of more than 25% of the aggregate balances of the Partnership's capital accounts as of any Withdrawal Date, the General Partner may in its discretion reduce the actual amounts withdrawn to an amount equal to 25% of the aggregate capital account (excluding Side Pocket Accounts) balances of the Partnership and satisfy the requested withdrawals on a pro rata basis, based on the respective amounts of requested withdrawals of capital by each withdrawing Limited Partner. Capital withdrawal requests that are deferred due to such limitation may be revoked by the withdrawing Limited Partner, and if not revoked, will be given priority at subsequent Withdrawal Dates. In the interim, all of the remaining capital in such Limited Partner's capital account (including the capital subject to any such deferred withdrawal request) shall remain subject to the performance of the Partnership.

Side Pocket Accounts. A Limited Partner may not withdraw any of the amounts in its capital account that are attributable to Illiquid Investments (as defined herein) held in a Side Pocket Account until such time that the investment (or the proceeds thereof) is reallocated to the Limited Partner's capital account. At the sole discretion of the General Partner, an investment may be held in a Side Pocket Account until the occurrence of a Realization Event (as defined herein).

Required Withdrawals. The General Partner may, in its sole discretion, require a Limited Partner to withdraw any or all of the value of the Limited Partner's capital accounts on five (5) days' notice.

Reserves. The General Partner may cause the Partnership to establish such reserves as it deems necessary for contingent Partnership liabilities, including

estimated expenses in connection therewith, which could reduce the amount of a distribution upon withdrawal.

Waiver. The Partnership may waive the terms relating to withdrawals for all or any of the Limited Partners in its discretion without notice to the other Limited Partners.

SIDE POCKET ACCOUNTS

The General Partner may designate that certain investments be carried in one or more separate memorandum accounts (each, a “Side Pocket Account”) for such period of time as the General Partner determines. Such investments may include: privately placed, unregistered securities, commodities, options and other financial instruments, or those investments that, in the opinion of the General Partner, do not have a readily ascertainable market value; other illiquid securities that may be valued but are not freely transferable; and investments in other asset classes (such as real estate) and other property that is not traded on public exchanges (each, as designated by the General Partner, along with follow-on investments, if any, an “Illiquid Investment”). Additionally, the General Partner may determine that, for various reasons, an asset that initially was not an Illiquid Investment should be categorized as an Illiquid Investment, or that a follow-on investment should be categorized as a new Illiquid Investment. The General Partner anticipates that no more than 20% of the Partnership’s net asset value (measured at the time that such Illiquid Investments are placed in the Side Pocket Account) will be allocated to Side Pocket Accounts. Illiquid Investments held in a Side Pocket Account shall be carried at their fair value (which may be above or below cost) as determined by the General Partner. At the election of the General Partner or upon the sale or disposition of an Illiquid Investment, such investment (or the proceeds thereof) shall be reallocated, pro rata, to the capital accounts of participating Partners. Until such reallocation, a Limited Partner may not make withdrawals from its capital account that are attributable to the value of Illiquid Investments held in a Side Pocket Account. Illiquid Investments may be held in a Side Pocket Account until the occurrence of a Realization Event.

A “Realization Event” occurs when: (i) an Illiquid Investment becomes liquid, as determined in the reasonable discretion of the General Partner; (ii) an Illiquid Investment is liquidated, sold or otherwise disposed of by the Partnership; or (iii) circumstances otherwise exist that, in the judgment of the Investment Manager, conclusively establish a value for an Illiquid Investment (including, without limitation, when instruments substantially similar to the Illiquid Investment have been publicly issued by the issuer of such instruments). Upon a Realization Event, the value of the instruments held or the proceeds thereof shall be reallocated, at such time as the General Partner determines in its sole and absolute discretion, from the Side Pocket Account to the capital accounts of each Partner participating therein pro rata in accordance with such Partner’s interest in the Side Pocket Account. The Performance Allocation shall not be allocated in respect of any Illiquid Investment held in a Side Pocket Account until such investment (or the proceeds thereof) has been reallocated to the capital accounts of the participating Partners. Upon such reallocation, a Limited Partner that has

withdrawn all of its capital from the Partnership other than the capital attributable to such Side Pocket Account shall receive an amount equal to its interest in the related Side Pocket Account (net of any accrued Performance Allocation with respect thereto) within 60 days after such reallocation.

Newly admitted Limited Partners may not participate in Illiquid Investments that were placed in a Side Pocket Account prior to their admission. Any expenses relating specifically to a Side Pocket Account will be charged to the Partners participating in such account. If, in its discretion, the General Partner designates any investment as a follow-up investment to an existing Illiquid Investment, only the Partners participating in such original investment will participate in such follow-up investment in proportion to their interest in the related Side Pocket Account.

Neither we nor any of our supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

The Partnership may from time to time enter into letter agreements or other similar agreements with one or more Limited Partners which provide such Limited Partners with additional and/or different rights (including, without limitation, with respect to the Performance Allocation, withdrawals, access to information, minimum investment amounts and liquidity terms) than such Limited Partners have pursuant to the offering documents. The General Partner will not be required to notify any or all of the other Limited Partners of any such written agreements or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different rights and/or terms to any or all of the other Limited Partners.

Item 7. Types of Clients:

The Firm provides investment management services to the Partnership, a private investment fund for which an affiliate of the Firm acts as the general partner (the term “Partnership” includes the Offshore Fund, which is also a private investment fund). The Firm may provide investment management services to other limited partnerships for which an affiliate of the Firm acts as the general partner. The Investors in the Partnership are individuals and institutions. The minimum initial investment in the Partnership is \$1,000,000, and the minimum subsequent investment is \$100,000. In each case, however, Firm has sole discretion to accept lesser amounts. Further, partial withdrawals may not be made if they would reduce an Investor’s capital account balance below \$1,000,000.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss:

- (A) Following is a description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets:

INTRODUCTION

The Partnership was organized for the purpose of investing and trading in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed, including, but not limited to, common and preferred stocks, bonds and other debt securities (including sovereign and public debt), certificates of deposit (including sovereign and corporate), convertible securities, asset-backed securities, limited partnership or limited liability company interests (including interests in hedge funds, private equity funds, venture capital funds, mutual funds and other pooled investment vehicles), mutual fund shares, closed-end investment funds, options, warrants, commodities, futures contracts, over-the-counter derivatives, currencies (including forward contracts thereon), precious metals, derivative products of all types (including interest rate and currency derivatives, forward contracts and structured/indexed securities), monetary instruments and cash and cash equivalents.

The following is a general description of the principal types of securities and other instruments in which the Partnership may invest, certain trading techniques that it may employ, the investment criteria that it plans to apply, and the guidelines that it has established with respect to the composition of its investment portfolio. The following description is merely a summary, and you should not assume that any descriptions of the specific activities in which the Partnership may engage are intended in any way to limit the types of investment activities which the Partnership may undertake or the allocation of Partnership capital among such investments. The General Partner and its affiliates reserve the right to alter any Partnership investment policy or strategy as deemed appropriate from time to time in its discretion without obtaining Limited Partner approval. The General Partner will notify Limited Partners prior to any material alteration of the Partnership's investment policy or strategy.

INVESTMENT OBJECTIVE AND STRATEGY

The Partnership operates as a global multi-strategy investment fund focusing on volatility arbitrage. The Partnership employs other strategies from time to time including without limitation risk arbitrage, convertible bond arbitrage and capital structure arbitrage. The Partnership's investments may include from time to time, without limitation, listed and over-the-counter options, equity and debt securities, exchange traded funds ("ETFs"), futures, variance swaps, correlation swaps, dividend swaps, credit default swaps, foreign exchange and commodities. The Partnership may also make investments in hedge funds, private equity funds, venture capital funds, mutual funds and other pooled investment vehicles. No assurance can be given, however, that the Partnership will achieve its objective, and investment results may vary substantially over time and from period to period.

The Partnership will also participate in options market making in equity, index and ETF options. The Partnership will disseminate markets electronically to one or more option exchanges and over phone and instant messaging with brokers. MOG maintains a membership at the CBOE but may become a member of other exchanges at the discretion of the General Partner. Currently, the CBOE serves as MOG's self-regulatory organization. Additionally, the Partnership may in the future effectuate its investment program (1) through other broker-dealers in addition to MOG or instead of MOG or (2) not through any broker-dealer at all.

The Partnership is committed to its well defined philosophy, backed by a disciplined process, and follows strict risk controls on market, sector, and individual position size.

The Investment Manager also believes that the flexible investment mandate of the Partnership allows it to invest in asset classes and markets that are poised for superior performance. It should be noted that although the Investment Manager is free to diversify by asset class and geography, it is not obligated to do so, and the flexibility of the strategy is intended to allow the Investment Manager to focus where it believes the maximum investment opportunity exists.

We have set forth below certain information on some of the features of the Partnership's investment program:

Volatility Arbitrage. The Partnership will actively look to exploit mispricings in global volatility. Strategies employed could include, but are not limited to, dispersion, relative value volatility, and market-making. Products traded in volatility arbitrage include, but are not limited to, listed and over-the-counter options, correlation swaps, variance swaps, convertible bonds, and dividend swaps. In addition, if a derivative is being used, its underlying asset (e.g., stock, FX, commodity, etc.) could also be used, typically as a hedge. Sophisticated proprietary mathematical models are one of the tools employed by the Partnership to find trading opportunities. Trades are executed both electronically and over the phone.

Options Market Making. One of the ways the Partnership currently trades volatility arbitrage is through options market making. The Partnership currently acts as an options market maker in equity, index and ETF options. The Partnership will disseminate markets electronically to one or more option exchanges and over phone and instant messaging with brokers. MOG maintains a membership at the CBOE, but may become a member of other exchanges at the discretion of the General Partner. Currently, the CBOE serves as MOG's self-regulatory organization. Additionally, the Partnership may in the future effectuate its investment program (1) through other broker-dealers in addition to MOG or instead of MOG or (2) not through any broker-dealer at all.

Long Equity. The Investment Manager may invest in common equities that are listed on major stock exchanges, both domestic and foreign. The

Investment Manager's focus will be on companies of varying size that have a reasonable expectation of producing superior returns in the judgment of the Investment Manager. The Investment Manager has no bias with respect to market capitalization (size), geographic location, or market sector.

Equities may be analyzed for a variety of characteristics that may include: consistency with a sector, geography or other theme that the Investment Manager has identified as having investment merit; weak price performance without significant changes to fundamental characteristics of a company; variance between the consensus expectation for a company's earnings and the Investment Manager's internal estimates; a valuation differential between the market capitalization of a company and the Investment Manager's internal valuation of the same company; a valuation discount to the company's peers; the Investment Manager's belief that a company has a sustainable edge from which it can materially increase its earnings and/or cash flow; or any other reason for which the Investment Manager believes that the total return from owning the company's stock may be attractive to the Partnership.

In addition, the Investment Manager may invest in stocks that it believes are out of favor with or neglected by other securities analysts.

Short Selling. The Investment Manager may sell short equities or other instruments. Some of these will be short sales with respect to instruments which the Partnership does not own. Accordingly, if the price of the instrument increases subsequent to the short sale, the Partnership will have to cover the sale by buying the instrument at a higher price than the price for which it sold the instrument.

The Investment Manager may engage in short selling as both a strategic operation, and for hedging purposes. Accordingly, the Investment Manager may sell short the stock of companies that it deems to have a high likelihood of decline in value. In addition, the Investment Manager may implement a short selling strategy as a tactical method of reducing the Partnership's volatility (risk) and/or increasing returns. The characteristics of short sale candidates are generally opposite of the ones discussed above relating to "– Long Equities". In particular, the Investment Manager looks for companies in industries for which the Investment Manager has a negative outlook and with deteriorating business fundamentals, declining cash flow trends, leveraged balance sheets and/or lofty valuations. In addition, the Investment Manager looks for other negative signs, such as aggressive accounting practices and insider selling. The Investment Manager may sell short ETFs in order to reduce overall market exposure or to attempt to profit from a decline in an entire sector, a currency or any other group of assets aggregated in an ETF or other financial instrument.

The Partnership usually has both long and short positions in its portfolio. This is designed, in part, to reduce market risk (volatility correlated to the

up and down swings of the overall market). There can be no assurance, however, that this will be the case, and, in fact, short selling and/or other factors can increase volatility. Furthermore, the ratio of long to short positions, or of other instruments, such as options, shifts from time to time, perhaps significantly, depending on where the Investment Manager finds the best risk/reward opportunities and based on overall market conditions.

Exchange Traded Funds. When broad sectors of the market appear to the Investment Manager to be mispriced, the Investment Manager may buy (or sell short) ETFs in order to take advantage of the perceived opportunity and to minimize the concentration in any one company.

Private Investments in Public Equities (“PIPEs”). Many PIPEs investors focus on making directly negotiated private investments in public and non-public companies, typically focused primarily on providing alternative funding options for small to mid-sized publicly traded companies with market capitalizations generally below \$300 million. PIPEs investors generally invest at terms which are more favorable than those available in the public markets for the corresponding companies.

The Partnership expects that any PIPEs investments will consist primarily of secured, senior and convertible notes, along with convertible preferred stocks. Warrants and common stock often accompany these investments as “sweeteners” or “equity kickers,” which provide upside potential. The Partnership’s PIPE investments (if any) primarily will include those companies trading in the over-the-counter markets, the NASDAQ, the NYSE and other regional exchanges. The Investment Manager may originate such transactions directly with the issuer or through placement agents that are active in placing such investments in the PIPEs markets.

Special Situations and Risk Arbitrage. When the opportunity arises, the Partnership may invest in companies based upon certain situations or events, such as launching of a new product, changes in management, a corporate restructuring, a rights offerings, a bankruptcy, a merger or an acquisition. These special situations may also include investments which are based on market timing and impact analysis. For example, due to the timing of options and futures expirations, markets may become overvalued or undervalued and the Partnership may make opportunistic investments that seek to capitalize on these market imbalances.

Occasionally, the Partnership may engage in arbitrage transactions that the Investment Manager believes represent an exceptional risk/reward opportunity. Risk arbitrage opportunities generally arise during corporate mergers, leveraged buyouts or takeovers. Frequently the stock of the company being acquired will trade at a significant discount to the announced deal price. This discount compensates investors for the time value of money and the risk that the transaction may be canceled. If the

discount is significantly greater than the Investment Manager's assessment of the underlying risk, the strategy will be implemented.

Options and Other Derivatives. The Investment Manager may utilize derivative securities. The Investment Manager may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks ("ECNs"). Options can be used in many ways such as to increase market exposure (i.e., for purposes of leverage), to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio's current income, or to reduce the cost basis of a new position. The Partnership may also utilize certain options, such as various types of index or "market basket" options, as the Investment Manager deems appropriate. The Investment Manager believes that the use of options and other derivatives should help reduce risk and enhance investment performance. In addition, the Investment Manager may enter into various over-the-counter contracts, including, variance swaps, correlation swaps, single stock lookalikes, lookalike options, credit default swaps and other types of derivatives.

Fixed Income Securities. The Investment Manager may invest in fixed income securities (e.g., bonds) as part of the strategic operations of the Partnership. The Investment Manager may take advantage of special investment opportunities in the high yield and convertible segments of the fixed income market. The Investment Manager considers these investments to be equity substitutes, with the expectation of providing both current income and capital appreciation. The Investment Manager may also seek opportunities in government-issued fixed-income securities as deemed appropriate. Further, the Investment Manager may write covered options on some of the securities held by the Partnership in an attempt to supplement income derived from corporate dividends.

Commodities and Commodity Futures Contracts. The Investment Manager may trade commodity futures contracts, such as stock index futures and other financial and commodity future contracts, and purchase and sell options on futures, as a means of increasing or decreasing the Partnership's exposure to general market risk, or as a means to implement a specific investment strategy. In addition to stock index futures, the Investment Manager may trade in futures contracts on U.S. Treasury Bills and Bonds, GNMA (Government National Mortgage Association) Certificates, precious metals and other futures, as well as futures contracts on instruments listed and traded in countries outside of the United States.

Foreign Exchange/Foreign Currency. The Investment Manager may trade in spot, forwards and non-deliverable forwards in currencies of G10 and emerging market economies. Currency trading differs from most of the trading in the U.S. of stocks, futures or options, in that it does not typically occur on regulated exchanges, and clearing houses do not guarantee the execution of trades. Instead, most participants in currency markets trade

with each other based upon various credit arrangements. The currency trading markets are believed to be the largest financial markets globally. Participants include governments and their central banks, large commercial banks, multi-national corporations, currency traders and many other financial institutions. Spot forex contracts are contracts to buy or sell one or more currencies other than the U.S. dollar and which settle not later than two (2) days after the day of the contract is entered. Spot forex contracts are therefore essentially 24 or 48 hour forward transactions that are rolled forward daily. On each daily rollover, the one-day interest rate differential between the two currencies in the transaction is deducted or added, as the case may be. Spot forex contracts include contracts whose value relates to the movements in value between a specific foreign currency (e.g., the Euro) and the U.S. dollar, as well as contracts whose value relates to the movements in value between one foreign currency (e.g., the Yen) and one or more other foreign currencies (e.g., the Euro), which are termed “cross-currency” contracts. Forward transactions differ from spot transactions in that their maturity may be significantly more than two days. Non-deliverable forwards are a subset of forwards that are cash-settled, short-term forward contracts of a non-convertible foreign currency. Movements in one foreign currency versus the U.S. dollar, or movements between foreign currencies in a cross-currency contract, arise from a variety of factors. Among such factors are: interest rates, governmental and trade deficits, investor sentiment, external events (e.g., crises such as war, political instability, natural disasters or terrorist attacks) and general economic conditions.

Leverage. The Partnership may increase the number and extent of its “long” positions by borrowing (e.g., by purchasing securities on margin). Entering into short sales also increases the Partnership’s use of leverage. The amount of any borrowing by the Partnership may be limited by regulations imposed by the Federal Reserve Board (“FRB”) and by the availability and cost of credit. The Investment Manager does not expect that the Partnership will incur indebtedness in connection with its operations, other than interest on margin debts or deposits with respect to securities positions.

Capital Structure Arbitrage. The Investment Manager may also look to exploit mispricings in the capital structure of a corporation. Mathematical models, fundamental analysis, and other approaches will be used to assess the risk and profitability of these trades. Products traded could include, but are not limited to, credit default swaps, corporate/convertible bonds, options, equities, variance swaps and corporate loans.

Other Investments. The Investment Manager may also invest some of the Partnership’s assets in short-term United States Government obligations, certificates of deposit (including sovereign and corporate), commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable the Partnership to make investments quickly and to serve as collateral with respect to certain

of its investments. If the Investment Manager believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or the Investment Manager determines that opportunities for investing are unattractive, then a greater percentage of Partnership assets may be invested in such obligations. The Partnership may also engage in securities lending activities. From time to time, in the sole discretion of the Investment Manager, cash balances in the Partnership's brokerage account may be placed in a money market fund.

Underlying Funds. The Partnership may invest in shares, limited partner interests and other equity interests of hedge funds, private equity funds, venture capital funds, mutual funds and other pooled investment vehicles ("Underlying Funds"), which are managed by a number of independent portfolio managers ("Managers"). In identifying Managers and Underlying Funds to include in the Partnership's portfolio, the Investment Manager expects to limit itself to those Underlying Funds with an investment program and strategy that adhere to the Partnership's overall investment objectives and strategies as described herein.

Trader/Portfolio Manager Sourcing; Risk Management. The Investment Manager may delegate discretionary investment authority over a distinct portion of the Partnership's assets to several Traders, who would report to the Investment Manager's Chief Risk Officer (not the Chief Investment Officer).

Traders will typically have a preexisting relationship with the Principal and/or the Chief Investment Officer. Deep due diligence and background checks will be conducted on the Traders. All Traders must be task-oriented and strong communicators. They will be chosen first on their general standards, moral compass, work ethic and integrity. All Traders must have the ability to function independently, but, more importantly, as a team member, contributing to the overall success of the Partnership above the specific return on their particular portfolio. It is important that Traders maintain extensive networks within the business community and open those relationships to all members of the firm. Their distinct investment talents must be proven over years of learning and executing successful strategies.

The Partnership's risk management is unique in that it will be an integral part of the investment process from beginning to end. Real-time monitoring and proactive involvement in the portfolio construction and daily trading activity lends itself to tighter controls. Unfortunately, very often, risk management is a monitoring process often involved too late in the investment process. However, the Partnership's risk management will generally be ongoing and interactive, reaching into all business protocols and investment activities. Risk management will be focused on capital allocation and loss controls. A consistent set of rules will be applied to each individual Trader. Controls and rules will be enforced through

technology overlays, as well as constant real-time direct monitoring by the group. No opportunity for unauthorized trades will be tolerated. The Partnership's risk management procedures will contribute to idea generation, portfolio construction and trading parameters. The Partnership's portfolio will be viewed as a singular portfolio consisting of multiple portfolios, and each Trader's strategy will be monitored as a separate self-contained book, including the book of the Chief Investment Officer. As such, capital will be rigorously apportioned to the appropriate strategy in real time. Business protocols will be strictly adhered to and developed in concert with the Partnership's risk management discipline.

DEVELOPMENT AND RISKS OF PARTNERSHIP'S TRADING STRATEGY

The development of a trading strategy is a continuous process, and the Partnership's trading strategy and methods may therefore be modified from time to time. The Partnership's trading methods are confidential and the descriptions of them herein are not exhaustive. The Partnership's trading strategies may differ from those used by the Investment Manager and its affiliates with respect to other accounts they manage. Trading decisions require the exercise of judgment by the Investment Manager. The Investment Manager may, at times, decide not to make certain trades, thereby foregoing participation in price movements which would have yielded profits or avoided losses. Limited Partners cannot be assured that the strategies or methods utilized by the Investment Manager will result in profitable trading for the Partnership.

The Partnership's investment program entails substantial risks, and there can be no assurance that its investment objectives will be achieved. The practices of short selling, use of leverage, options trading and other investment techniques employed by the Partnership can, in certain circumstances, maximize the adverse impact to which the Partnership's investment portfolio may be subject.

Investing in securities involves risk of loss that Clients should be prepared to bear.

- (B) Following is an explanation of the material risks involved in our methods of analysis and investment strategies:

Options and Other Derivative Instruments. The Investment Manager will invest in options and derivative instruments, including buying and writing puts and calls. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend upon many factors, potentially including the price, volatility and/or correlation of the securities, indexes, commodities, currencies or other instruments underlying them, and counterparty risk. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates,

changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Partnership is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Partnership were permitted to expire without being sold or exercised, the Partnership would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the Partnership at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the Partnership at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Partnership of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Technology Risk. The Investment Manager's investment strategy relies heavily on the use of proprietary and non-proprietary software, data and intellectual property. The Partnership's reliance on this technology and data is subject to a number of important risks. First, the Partnership may be severely and adversely affected by the malfunction of the technology and/or data feed. For example, an unforeseeable software or hardware malfunction could occur, as a result of a virus or other outside force, or as result of a design flaw in the Partnership's system or in its continued implementation. In the past, occurrences of this nature to other funds have sometimes resulted in dramatically negative consequences for the portfolio of the related fund. In addition, changes in the market for publicly available data or in regulatory reporting requirements could cause a severe diminution in the data available for the technology to operate as designed. Such events can also have dramatically negative consequences for the Partnership. Furthermore, if any of the Partnership's software, hardware, data and/or other intellectual property is found to infringe on the rights of any third party, the Partnership could be severely and adversely affected.

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Partnership will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Partnership substantially depends upon the Investment Manager correctly assessing the future price movements of stocks, bonds, options on stocks, over-the-counter derivatives, commodities, currencies and other securities and the movements of interest rates. The Partnership cannot guarantee that the Investment Manager will be successful in accurately predicting price and interest rate movements.

Partnership's Investment Activities. The Partnership's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Investment Manager. Such factors include a wide range of economic, political, technological, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Partnership to realize profits. As a result of the nature of the Partnership's investing activities, it is possible that the Partnership's financial performance may fluctuate substantially from period to period.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Investment Manager, the General Partner and/or their affiliates, certain principals or employees of the Investment Manager, the General Partner and/or their affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Partnership will not be free to act upon any such information. Due to these restrictions, the Partnership may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Investment Manager selects investments for the Partnership, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and sometimes seeks independent corroboration when the Investment Manager considers it is appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Electronic Trading Facilities. The Partnership, in its trading activities, may, at the discretion of the Investment Manager, make use of electronic trading and/or communication networks. Most electronic trading facilities (including ECNs) are supported by computer (including internet) based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Trading on an electronic trading system (including an ECN) may differ not only from trading in an open-outcry market or telephonic market but also from trading on other electronic trading systems. The Partnership, in undertaking transactions on an electronic trading system, will be exposed to risk associated with the system including the failure of hardware and software. The result of any system failure may be that the Partnership's order is either not executed according to its instructions or is not executed at all. The Partnership's ability to limit or recover certain losses may be subject to limits on liability imposed by, without limitation, foreign or domestic law or regulation, the Partnership's own or its introducing or clearing broker's internet service provider, other systems providers, market factors, foreign or domestic banking or other market regulations and/or telephonic or other communications providers, foreign or domestic.

Investments in Securities and Other Assets Believed to Be Undervalued. The Investment Manager's investment program contemplates that a portion of the Partnership's portfolio may be invested in securities and

other assets that the Investment Manager believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Partnership's investments may not adequately compensate for the business and financial risks assumed. The current severe economic conditions and any future major economic recession could severely disrupt the markets for such investments and significantly impact their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Partnership may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Partnership's funds would be committed to the investments made, thus possibly preventing the Partnership from investing in other opportunities.

Investments in Small Capitalization and Unseasoned Companies. The Investment Manager's investment program contemplates that a portion of the Partnership's portfolio may be invested in small and/or unseasoned companies with small market capitalization. While these companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. Due to the lower trading volume of smaller company securities, the Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time when making large sales.

Leverage. When deemed appropriate by the Investment Manager and subject to applicable regulations, the Partnership may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market price of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Partnership purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be

borrowed in particular, could affect the operating results of the Partnership. If the interest expense on this leverage were to exceed the net return on the investments made with borrowed funds, the Partnership's use of leverage would result in a lower rate of return than if the Partnership were not leveraged.

If the amount of leverage which the Partnership may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Partnership's portfolio will have disproportionately large effects in relation to the Partnership's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional leverage will generally cause the net asset value of the Partnership to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the leveraged capital fails to cover its cost to the Partnership, the net asset value of the Partnership will generally decline faster than would otherwise be the case.

Certain of the Partnership's trading and investment activities may be subject to the FRB margin requirements, which are computed each day. At present, the FRB's Regulation T permits a broker to lend no more than 50% of the purchase price of "margin stock" bought by a customer. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a "margin call" on the customer is made. If the customer does not deposit additional funds with the broker to meet the margin call within a reasonable time, the customer's position may be closed out. In the event of a precipitous drop in the value of the assets managed by the Partnership, the Partnership might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the Partnership's trading activities, the Partnership, and not the Limited Partners personally, will be subject to margin calls.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Market or Interest Rate Risk. The Partnership may invest, from time to time, in fixed income securities and instruments. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Partnership holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Partnership's performance; however, if the Partnership has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Partnership.

Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to “call” all or part of the issue before the bond’s maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Partnership is exposed to reinvestment rate risk – the Partnership will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Maturity Risk. In certain situations, the Partnership may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Partnership will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Partnership purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Partnership is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Currency Risks. The Partnership's investments 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.

Short Sales. When deemed appropriate by the Investment Manager, the Partnership may sell securities short. Short selling involves the sale of a security that the Partnership does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at

a lower price. In order to make delivery to its purchaser, the Partnership must borrow securities from a third party lender. The Partnership subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Partnership must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Partnership a fee for the use of the Partnership's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Partnership may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Regulation SHO. The Partnership will engage in activities that are governed by Regulation SHO. As such, the Partnership will be required to follow various regulatory requirements, including, but not limited to, locating securities, closing out positions in threshold securities and properly marking its orders. As of the date hereof, there is significant regulatory review of broker-dealers that engage in Regulation SHO activities. The Partnership could incur significant expenses or suffer losses if it or MOG were to become the subject of a regulatory audit relating to its Regulation SHO activities. Furthermore, regulatory changes to Regulation SHO could have a detrimental effect on the Partnership's trading activities.

Investments in Non-U.S. Investments. The Partnership may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by non-U.S. governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some non-U.S. countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against non-U.S. governments.

- Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and the Partnership may directly hold non-U.S. currencies and purchase and sell non-U.S. currencies through forward exchange contracts. Changes in currency exchange rates will affect the Partnership's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Partnership's investments to decline. Some non-U.S. currencies are particularly volatile. Non-U.S. governments may intervene in the currency markets, causing a decline in value or liquidity of the Partnership's non-U.S. currency holdings. If the Partnership enters into forward non-U.S. currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Partnership enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Non-U.S. countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risks Associated with ETFs. The Investment Manager's investment program contemplates that a portion of the Partnership's portfolio may be invested in ETFs. Because ETFs are, by definition, portfolios of securities, the Investment Manager believes that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. However, there are events that can trigger sharp and sometimes adverse price movements in ETFs that are not related to movements of the market in general. Not limited to, but among these, are surprise dividends, changes to regular dividend amounts, announcements of rights offerings and possible surprise revisions to net asset values. In addition, the Investment Company Act places certain restrictions on the percentage of ownership that a private investment fund, such as the Partnership, may have in an ETF.

Risks Associated with PIPE Transactions. PIPE transactions may be a component of the Partnership's investment strategy. Some risks specifically associated with these types of investments include the following:

- **Liquidity Risk.** The Partnership's returns from a PIPE transaction will depend upon its ability to sell in the public market the securities that it obtains in the PIPE transaction. The Partnership will be able to sell those securities only when a resale registration statement covering the securities is effective or under Rule 144

promulgated under the Securities Act of 1933 (the “Securities Act”). Even after a resale-registration statement becomes effective, the Partnership’s ability to sell the securities may effectively be limited by market and other conditions, thereby subjecting the Partnership to delay and in certain circumstances the potential for losses.

- **Valuation Risk.** During the period before the effective date of the resale-registration statement, or if longer and if applicable, the period until such security is no longer designated an Illiquid Investment, the securities and other instruments that the Partnership acquires through PIPE transactions will be valued as set forth herein. There can be no assurance that the valuation of the Partnership’s investments in PIPE transactions will accurately reflect the amount the Partnership could obtain if it were to sell the investments. Any inaccuracies could cause the Partnership to experience significant losses.
- **Regulatory Compliance of Issuer.** The issuer in a PIPE transaction may be required to obtain prior approval for the PIPE from its shareholders and/or the securities exchange on which the issuer’s common stock is listed. An issuer must also comply with applicable private offering regulations. If the issuer in a PIPE transaction in which the Partnership invests were to fail to comply with all applicable regulations, it could subject the Partnership to loss.
- **Risk of Regulatory Scrutiny and Legal Proceedings.** Investment activities in connection with certain types of PIPE transactions are subject to review by the SEC and other regulators. It is possible that the Partnership, as an investor in a particular PIPE transaction, could become involved in an inquiry regarding its investment activities. Such inquiries may entail significant costs, which would be borne by the Partnership.
- **Underwriter Risk.** It is possible that, in reselling securities acquired in PIPE transactions, the Partnership could be deemed an “underwriter” within the meaning of the Securities Act. Underwriters are subject to various securities law requirements and may be deemed responsible for the accuracy of the information contained in a resale-registration statement, possibly subjecting the Partnership to liability for any inaccuracies, misstatements or omissions.

Stock Index Futures. Using stock index futures for hedging involves several risks. Price movements in the stock index and price movements in the securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no

secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, the Partnership may not be able to liquidate unfavorable positions promptly and may lose money.

Commodity Trading Risk in Non-U.S. Markets. The Partnership may make commodity investments in non-U.S. markets. In addition to the general risks of commodity trading discussed above, the Partnership faces special risks particular to non-U.S. markets. Non-U.S. commodity markets may have greater risk potential than United States markets. Unlike trading on U.S. commodity exchanges, trading on non-U.S. commodity exchanges is not regulated by a regulatory body comparable to the Commodity Futures Trading Commission. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, any profits that the Partnership might realize in trading could be eliminated by adverse changes in the relevant currency exchange rate, or the Partnership could incur losses as a result of those changes. Transactions on non-U.S. exchanges may include both commodities that are traded on U.S. exchanges and those that are not.

Trading of Spot and Forward Contracts Presents Unique Risks. The Investment Manager may trade in spot and forward contracts in currencies. Such contracts are not traded on exchanges; rather, banks and dealers typically act as principals in this market, generally called the “interbank” or “foreign exchange” market. Trading these markets presents certain risks not present in futures trading because no governmental agency regulates trading in forward contracts. Consequently, there is no limitation on the daily price movements of forward contracts and no margin legally is required to be posted. Because performance of spot and forward contracts on currencies is not guaranteed by any exchange or clearing house, the client is subject to counterparty risk – the risk that the principals or agents with or through which the Partnership’s bank or a non-bank foreign exchange broker (“Forex Broker”), or the Partnership itself trades will be unable or will refuse to perform with respect to such contracts. Furthermore, principals in the spot and forward markets have no obligation to continue to make markets in the spot and forward contracts traded. Additionally, the imposition of credit or foreign exchange controls by governmental authorities might limit such spot and forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the investor.

In addition, the non-centralized nature of the foreign exchange market produces certain complications. A bank or Forex Broker may decline to execute an order in a currency market which it believes to present a higher than acceptable level of risk to its operations. Because there is no central clearing mechanism to guarantee interbank trades, each bank or Forex

Broker must apply its own risk analysis in deciding whether to participate in a particular market where its credit must stand behind each trade. Depending on the policies adopted by each counterparty, a given bank or Forex Broker may decline to execute an order placed by the Partnership.

Because there is no central marketplace disseminating minute-by-minute time and sales reports, banks and Forex Brokers must rely on their own knowledge of prevailing market prices in agreeing to an execution price. The execution price obtained for the Partnership to a large extent will reflect the expertise of the bank or Forex Broker in trading the particular currency. Certain currencies, known as exotics, are infrequently traded by any but the largest dealers. For this reason, a less experienced counterparty may take longer to fill an order or may obtain an execution price that differs widely from what a more experienced or larger counterparty will obtain. As a consequence, two participants trading in the same markets through different counterparties may achieve markedly different rates of return during times of high market volatility.

While the Partnership will generally rely upon marked-to-market evaluations of its prime broker (the “Prime Broker”), it should be noted that the absence of settlement prices generated by an organized market at the end of a trading day or at a particular time during each trading day can cause differences between profit & loss statements maintained by the Investment Manager and statements maintained by the banks and Forex Brokers including the Prime Broker. There are two generally accepted accounting methods for Foreign Exchange transactions; one is computed on a spot mark-to-market basis and the second is computed as a forward mark-to-market. Because the Partnership’s funds are deposited with the Prime Broker, the statement that the Prime Broker prepares will have a strong influence on the valuations adopted for the Partnership’s positions. At times, significant differences occur between the internal mark-to-market maintained by the Investment Manager as trading adviser and the mark to markets maintained by banks and forex brokers. The Partnership will seek to harmonize the mark-to-market rates so that they accurately reflect the market conditions at the time the mark to market is done.

Volatility of Currency Prices. The profitability of the Partnership’s portfolio substantially depends upon the Investment Manager correctly assessing the future price movements of currencies. However, price movements of currencies and the foreign exchange markets in which the Partnership invests are highly volatile, and are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; a wide range of national and international economic, political, competitive and other conditions (including acts of terrorism and war); and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. The Partnership cannot guarantee that the Investment Manager will be successful in accurately predicting currency

price and interest rate movements. Theoretically, currencies and other portfolio assets are subject to unlimited risk of loss (similar to the risk of holding a naked short within the context of a securities portfolio) because there is no limit on the price that a currency or other such asset may appreciate or depreciate before the position is closed.

Foreign Exchange Markets May Be Illiquid At Certain Times. Several nations or groups of nations have in the past imposed trading limits or restrictions on the amount by which the price of certain foreign exchange may vary during a given time period and the volume which may be traded; they have also imposed restrictions or penalties for carrying positions in certain foreign currencies over time. Such limits may prevent trades from being executed during a given trading period. Such restrictions or limits could prevent the Investment Manager from promptly liquidating unfavorable positions and, therefore could subject the Partnership to substantial losses. In addition, even in cases where foreign exchange prices have not become subject to governmental restrictions, the Investment Manager may be unable to execute trades at favorable prices if the liquidity of the market is not adequate. It is also possible for a nation or group of nations to restrict the transfer of currencies across national borders, suspend or restrict the exchange or trading of a particular currency, issue entirely new currencies to supplant old ones, order immediate settlement of a particular currency obligations, or order that trading in a particular currency be conducted for liquidation only. The Investment Manager may trade on non-U.S. markets, which may be substantially more prone to periods of illiquidity than the United States markets due to a variety of factors.

Foreign Transactions Carry Special Risks. Trading on interbank markets outside the United States is not regulated by any United States governmental agency and may involve certain risks not applicable to trading on United States exchanges. Trading on foreign markets involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums, investment controls or political or diplomatic events, which might adversely affect the Partnership's trading activities. Trading on foreign markets is also subject to the risk of changes in the exchange rate between United States dollars and the currencies in which such contracts are settled, which can have an effect on profits or losses even after a position has been closed out. Additionally, the Partnership's legal recourse in the event of default or trade dispute may be available only before foreign courts or other adjudicatory bodies under foreign law and rules, and such recourse may be severely limited and much more expensive than it would be in a forum located within the United States under U.S. or domestic state law. Furthermore, such trading also may be subject to whatever regulatory provisions are applicable to transactions effected outside the United States, whether on foreign exchanges or otherwise.

Emerging Markets. The Partnership's investment program contemplates

that a portion of its portfolio may be devoted to the emerging market securities. Investors in emerging market securities are subject to significant risks due to the general lack of infrastructure in the legal, judicial, regulatory and settlement system of such markets. Additionally, they are subject to uncertainty regarding their rights and legal recourse. In particular, the following risks are specifically associated with investments made on behalf of the Partnership in emerging market securities:

- **Political Risk.** Certain emerging markets are in the infancy of developing a stable governmental framework. Investors in those markets are subject to significant political risks such as: political unrest and instability resulting in a rejection of westernization of such markets and the possibility of nationalization, expropriation or seizure of assets without compensation; underdeveloped legal and regulatory frameworks; lack of private ownership and shareholder rights legislation which could make enforcement of title uncertain; unclear taxation, foreign exchange, repatriation of profits, environmental and other governmental and regulatory policies which can change without notice; lack of experience of the judicial system in commercial, corporate and securities laws; and market officials not enforcing the law or enforcing it inconsistently with the theory of the law even when appropriate legislation exists.
- **Economic Risk.** Some emerging markets are still in the process of developing a stable economic framework based on private property. Investors in those markets are subject to significant economic risks such as: the value of an investment may be adversely affected by fluctuations in exchange rates of illiquid currencies; market regulations are underdeveloped and subject to major revisions as economic infrastructures continue to evolve; the use of different accounting standards from other major accounting systems; underdeveloped markets, including complex and sometimes archaic settlement and clearing procedures; market illiquidity; and widespread corruption.
- **Transaction Risk.** Investors in markets which are in the process of developing a stable transactional framework modeled on Western commercial practices are subject to significant transactional risks.

Risk of Trading Futures and Commodities. Trading futures and/or commodities (or options thereon) is a highly risky strategy for the Partnership and the Investment Manager. Whenever the Partnership purchases a particular future and/or commodity (or an option thereon), there is a substantial possibility that it may sustain a total loss of its purchase price. The prices of futures and/or commodities are, in general, much more volatile than prices of securities such as stocks and bonds. As a result, the risk of loss in trading futures and/or commodities is substantially greater than in trading securities. Prices of futures react strongly to the prices of the underlying commodities. The prices of these

underlying products, in turn, rise and fall based on changes in interest rates, international balances of trade, changes in governments, wars, weather and a host of other factors that are entirely beyond the control of the Partnership, the General Partner or the Investment Manager and that are very difficult (and perhaps impossible) to predict.

Risk of Default or Bankruptcy of Third Parties. The Partnership may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Partnership could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid. In addition, the Partnership could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Partnership does business, or to which securities, commodities, other financial instruments and/or other assets have been entrusted for custodial purposes. For example, if the Partnership's prime broker and custodian were to become insolvent or file for bankruptcy, the Partnership could suffer significant losses with respect to any securities held by such firm.

Over-the-Counter Derivatives. The Partnership may engage in over-the-counter derivatives transactions with counterparties. Unlike exchange-traded derivatives, over-the-counter derivatives are not guaranteed by any clearing agency, and each party to an over-the-counter derivative transaction bears the risk that the counterparty will default. Over-the-counter derivatives are less liquid than exchange-traded derivatives and their mark-to-market values are obtained from a calculation agent (which may be the counterparty to the transaction) rather than from an exchange.

Default/Downgrade Risk. Corporations or sovereign entities can default on debt or other obligations, or credit can be upgraded or downgraded. These events can cause substantial price changes on bonds, loans and other obligations of such corporations or sovereign entities, as well as their stock prices and derivatives based on the underlying entity, such as stock options and credit default swaps.

Dividend Risk. A corporation's dividends can change for various internal reasons, such as the corporation's profitability, capital expenditures, cash flows, reorganizations/mergers, management changes, etc., as well as for various external reasons, such as government tax and tariff policies. The Partnership will often have exposure to dividends both directly, from products such as stock and index options and futures, and indirectly, through products such as dividend swaps and futures.

RISKS RELATED TO UNDERLYING FUNDS

In addition to the specific risk factors set forth below, all or substantially all of the other risk factors included above within this Item 8(B) also apply

to the Underlying Funds and their Managers.

Multiple Levels of Fees. Underlying Funds acquired by the Partnership will incur fees and expenses that are separate from those fees and expenses incurred directly by the Partnership (e.g., Performance Allocation and other Partnership expenses). The Partnership's acquisition of interests in Underlying Funds will result in the layering of expenses as Limited Partners will indirectly bear a proportionate share of the operating expenses of such Underlying Funds, including advisory fees, in addition to paying the Performance Allocation and other Partnership expenses.

Limited Liquidity of Underlying Funds. Distributions of proceeds upon a Partner's withdrawal may also be limited, in the General Partner's discretion, because of restrictions imposed upon withdrawals by an Underlying Fund pursuant to the terms of the Underlying 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. In addition, under the terms of the governing documents of the Underlying Funds, the ability of the Partnership to withdraw any amount invested therein may be subject to certain restrictions and conditions, including restrictions on the withdrawal of interests 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 Underlying Funds typically reserve the right to reduce ("gate") or suspend withdrawals and to satisfy withdrawals by making distributions in-kind, under certain circumstances. Thus, the ability of Limited Partners to withdraw all or any portion of 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 Underlying 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 the Underlying Funds, the aggregate amount of withdrawal requests, the next regularly scheduled withdrawal dates of such Underlying Funds, the imposition of "gates" or suspensions imposed by the Underlying Funds, the decision by an Underlying Fund to satisfy withdrawals in-kind, and the satisfaction of other conditions.

Distributions In-Kind. Under certain circumstances an Underlying Fund in which the Partnership invests may determine to make payment of a withdrawal by the Partnership wholly or in part by a distribution in-kind of securities from such Underlying Fund's portfolio, instead of in cash. As a result, the Partnership may hold such securities until the Investment Manager determines it is appropriate to dispose of them. To the extent that distributions to the Partnership are made in-kind, the Partnership may not be able to receive proceeds from the future sale of such securities that equal the value attributed to such securities at the time the Partnership received the in-kind distribution. Additionally, the eventual disposition of

the in-kind property received will impose additional costs on the Partnership.

Independence of Underlying Funds. The Partnership and its affiliates will not control the Underlying Funds, their choice of investments or their other investment decisions, all of which are entirely within the control of the Managers. The investments of the Partnership in Underlying Funds are made pursuant to written disclosures from such Underlying Funds which provide guidelines by which the Underlying Funds will trade. However, it is possible that an Underlying Fund could materially alter or even violate such guidelines, which could lead to a loss of all or part of the Partnership's investment with such Underlying Fund, or result in a misallocation by the Investment Manager amongst Underlying Funds. Additionally, Underlying Funds invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Underlying Funds do, in fact, hold such positions, the Partnership, considered as a whole, cannot achieve meaningful gain or loss despite incurring expenses.

Access to Information from Underlying Funds. As an investor in Underlying Funds, the Partnership will often only be entitled to receive periodic reports from the relevant Underlying Fund at the same time as any other investor therein. Furthermore, the Investment Manager may not always be provided with detailed information regarding all the investments made by an Underlying Fund, in the event that certain of this information may be considered proprietary by the Manager. This potential lack of access to information may make it more difficult for the Investment Manager to select, allocate amongst and evaluate certain Underlying Funds. Additionally, Underlying Funds may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investment Manager, the General Partner or the Partnership. These strategies may involve risks under some market conditions that are not anticipated by an Underlying Fund, the Investment Manager, the General Partner or the Partnership and may cause unexpected losses to the Partnership and its investors.

Estimates; Valuation of Underlying Funds. In most cases, neither the Investment Manager nor the General Partner has any ability to assess the accuracy of the valuations received from an Underlying Fund. Furthermore, the net asset values received by the Partnership from the Underlying Funds within its portfolio are typically estimates only, subject to revision through the end of each Underlying Fund's annual audit, which may occur on a date other than December 31. Revisions to the Partnership's gain and loss calculations are an ongoing process, and no appreciation or depreciation figures for Underlying Funds may fluctuate substantially until their annual audits are completed. Additionally, certain positions in which Underlying Funds invest may not have a readily ascertainable market price. Such positions are nevertheless generally valued by Underlying Funds, which valuation is deemed conclusive with

respect to the Partnership (as an investor in such Underlying Funds), even though Managers generally face a conflict of interest in valuing such positions because the value thereof affects their compensation.

Frequent Trading. Firm may engage in frequent trading of securities, which can add to the transaction fees incurred and also result in adverse tax consequences.

- (C) We do not recommend primarily a particular type of security.

Item 9. Disciplinary Information.

Neither the Firm nor any of its management persons has been involved in any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations:

- (A) Neither we nor any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, except as follows:

The Partnership owns 100% of the economic interest in MOG, a registered broker-dealer with membership at the CBOE. The majority of the Partnership's assets are invested in MOG. The managing member of MOG is the Investment Manager. MOG is an affiliate of the Partnership and the Investment Manager. In addition, Jason Adler is an executive officer of MOG. The Partnership will also pay the operating expenses of MOG, including all incentive and other fees payable to MOG's traders, and all legal and other costs associated with MOG's regulatory requirements. Please see Item 12 for additional information about MOG.

- (B) Neither we nor any of our management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

- (C) Except as set forth below, we do not have any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons has with any (1) broker-dealer, municipal securities dealer, or government securities dealer or broker; (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); (3) other investment adviser or financial planner; (4) futures commission merchant, commodity pool operator, or commodity trading advisor; (5) banking or thrift institution; (6) accountant or accounting firm; (7) lawyer or law firm; (8) insurance company or agency; (9) pension consultant; (10) real estate broker or dealer; or (11) sponsor or syndicator of limited partnerships:

Firm is affiliated with a registered broker-dealer, MOG, as detailed in Item 10(A).

As discussed in Item 4(A), the Firm's Client is the Partnership, a pooled investment vehicle.

- (D) We do not recommend or select other investment advisers for our clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading:

- (A) Set forth below is a brief description of our code of ethics adopted pursuant to SEC rule 204A-1 ("Code of Ethics"). We will provide a copy of the Code of Ethics to any Investor or prospective investor upon request.

The Code of Ethics is based upon the premise that all the Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service. The Code of Ethics requires all personnel to (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put client interests ahead of those of the Firm; (3) observe the Firm's personal trading policies so as to avoid "front-running" and other conflicts of interests between the Firm and its clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Chief Compliance Officer and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, including termination.

- (B) The Firm and/or affiliates of the Firm (collectively, "Firm") may serve as the general partners and/or investment advisers to private investment funds. In investment funds where the Firm will serve as general partner and/or investment adviser, the Firm may make investments in those funds available to "accredited investors," "qualified clients" and/or "qualified purchasers" (depending on whether the fund is relying on an exemption under 3(c)(1) or 3(c)(7) under the Company Act) whose investment strategies are consistent with those of the investment funds. The Firm does not intend to advise clients as to the appropriateness of investing in such private investment funds, and the Firm will not receive any compensation for doing so (except to the extent that the Firm receives advisory and other fees from the private investment funds) or for selling interests in such private investment funds. However, because of the relationship between the Firm and such private investment funds, the Firm could be considered to have recommended the investment should a person who is otherwise a client of the Firm invest.

- (C) Personnel of the Firm may trade in the same securities traded for clients. However, it is the policy of the Firm not to give preference to orders for personnel associated with the firm regarding such trading. The Firm and

its employees (collectively “Firm”) may personally invest in the same securities that are purchased for clients and may own securities that are subsequently purchased for clients. If a security is purchased or sold for clients and the Firm on the same day, either the clients and the Firm will pay or receive the same price, or the clients will receive the more favorable price. The Firm may also buy or sell a specific security for its own account based on personal investment considerations, which the Firm does not deem appropriate to buy or sell for clients.

(D) See Item 11(C).

Item 12. Brokerage Practices:

The Firm is responsible for the placement of the portfolio transactions of clients and the negotiation of any commissions paid on such transactions. The Partnership currently effectuates the majority of its investment program through MOG. Additionally, the Partnership may in the future effectuate its investment program (1) through other broker-dealers in addition to MOG or instead of MOG or (2) not through any broker-dealer at all. The Partnership owns 100% of the economic interest in MOG. The majority of the Partnership's assets are invested in MOG. The managing member of MOG is the Investment Manager. MOG is an affiliate of the Partnership and the Investment Manager. In addition, Jason Adler is an executive officer of MOG. The Partnership will also pay the operating expenses of MOG, including all incentive and other fees payable to MOG's traders, and all legal and other costs associated with MOG's regulatory requirements. Additionally, the General Partner may in the future effectuate its investment program through other broker/dealers in addition to MOG or instead of MOG at the sole discretion of the General Partner. MOG maintains a membership at the CBOE but may become a member of other exchanges at the discretion of the General Partner. Currently, the CBOE serves as MOG's self-regulatory organization. Additionally, the General Partner reserves the right to effectuate its investment strategy through another wholly owned broker/dealer. In the event that the General Partner determines to use other broker-dealers instead of or in addition to MOG, portfolio securities normally will be purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price.

The primary custodian broker for the Partnership is currently Merrill Lynch Professional Clearing.

Securities transactions for clients are executed through brokers selected by the Firm in its sole discretion and without the consent of clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength,

integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria.

The Firm is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide them with such investment and research information or to pay higher commissions to such firms if the Firm determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. The Firm is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by the Firm, and the Firm's fee is not reduced as a consequence of the receipt of such supplemental research information. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

REFERRAL OF INVESTORS AND SALES CHARGES:

Although it currently does not, the Firm may also direct some Partnership brokerage business to brokers who refer prospective investors to the Partnership. Because such referrals, if any, are likely to benefit the Firm and its affiliates but will provide an insignificant (if any) benefit to limited partners, the Firm will have a conflict of interest with the Partnership when allocating Partnership brokerage business to a broker who has referred investors to the Partnership. To prevent Partnership brokerage commissions from being used to pay investor referral fees, the Firm will not allocate Partnership brokerage business to a referring broker unless the Firm determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Partnership.

The Firm also may sell interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the Firm's own expense (except in circumstances involving directed brokerage), although it currently does not. In certain cases, the Firm reserves the right to deduct a percentage of the amount invested by an investor in the Partnership to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced to the Partnership by such broker-dealer or agent. Any such sales fees or charges would be assessed against the referred investor and would reduce the amount actually invested by the investor in the Partnership.

ALLOCATION OF TRADES:

The Firm may at times determine that certain securities will be suitable for acquisition by clients and by other accounts managed by the Firm, possibly including the Firm's own accounts or accounts of an affiliate. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which the Firm deems advisable, the Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which the Firm considers them to be suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

AGGREGATION OF ORDERS:

The Firm may aggregate purchase and sale orders of securities held by clients with similar orders being made simultaneously for other accounts or entities if, in the Firm's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for clients will be affected simultaneously with the purchase or sale of like securities for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at the Firm's sole discretion, and clients may be charged or credited, as the case may be, with the average transaction price.

“SOFT DOLLAR” POLICY:

The term “soft dollars” refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients.

The Firm has the option to use “soft dollars” generated by the Partnership to pay for the research and non-research related services described above. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Exchange Act provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the Firm in the performance of investment decision-making responsibilities. In the event the Firm elects to use its soft dollars for payment of all or a portion of the Firm's or

the General Partner's administrative costs and expenses of operation, as described above, such uses of soft dollars are not within the safe harbor afforded by Section 28(e) of the Exchange Act.

When Firm uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Firm receives a benefit because Firm does not have to produce or pay for the research, products or services. Firm may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Firm or the General Partner creates a conflict of interest among the Firm, on one hand, and the Partnership on the other, because the Partnership pays for such products and services that are not exclusively for the benefit of the Partnership and that may be primarily for the benefit of the Firm or its affiliates. In addition, the availability of these non-monetary benefits may influence the Firm to select or recommend a broker-dealer based on Firm's interest in receiving such benefits, rather than on Clients' interest in receiving most favorable execution.

The Firm is responsible for all decisions related to commission allocations to brokerage accounts. The Chief Financial Officer and the Chief Compliance Officer serve as the control point for all decisions relating to the documentation of soft dollar transactions and the products received and their uses, in addition to reviewing soft dollar arrangements and transactions on a monthly basis.

DIRECTED BROKERAGE

We do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. We do not permit a client to direct brokerage."

Item 13. Review of Accounts:

- (A) On a daily basis, the Partnership's custodian and introducing broker will review and reconcile the Partnership's assets and trading transactions. On a monthly basis, the portfolio will be reviewed by the Partnership's Administrator. On an annual basis the Partnership's accounts will be audited by the Partnership's auditor.
- (B) See Item 13(A).
- (C) Each Limited Partner will receive the following: (i) annual financial statements of the Partnership audited by an independent certified public accounting firm; (ii) periodic unaudited performance information; (iii) copies of such Limited Partner's Schedule K-1 to the Partnership's tax returns; and (iv) other reports as determined by the General Partner in its

sole discretion. The General Partner will provide monthly performance and Net Asset Value calculations upon written request by a Limited Partner. The Partnership shall bear all fees incurred in providing such tax returns and reports. The General Partner may agree to provide certain Limited Partners with additional information on the underlying investments of the Partnership, as well as heightened access to the General Partner, the Investment Manager and their respective employees for relevant information.

Item 14. Client Referrals and Other Compensation:

- (A) No one who is not a client provides an economic benefit to us for providing investment advice or other advisory services to our clients.
- (B) Neither we nor any related person directly or indirectly compensates any person who is not our supervised person for client referrals, except as follows: The Firm utilizes independent third party solicitors to refer investors to the Partnership and pays a portion of its fees to such solicitors, in accordance with the Advisers Act.

Item 15. Custody:

The Firm maintains client funds and securities at qualified custodians. In the event that Investors receive statements or reports directly from the custodian (or administrator), Investors are urged to compare such statements to any statements that may be sent directly by the Firm. In addition, the Firm's auditor sends annual audited financial statements, prepared in compliance with GAAP, to Investors within 120 days after the calendar year end.

Item 16. Investment Discretion:

Firm has discretionary authority to manage securities accounts on behalf of Investors in accordance with the Partnership's investment program, which authority is granted by the Investors through the subscription documents that they submit in connection with acquiring an interest in the Partnership.

Item 17. Voting Client Securities:

- (A) The Firm has retained an independent third party, ISS Governance, to vote proxies on behalf of the Partnership. The Firm may override the voting preferences of ISS Governance in its discretion.

The Firm monitors corporate actions of those securities it has purchased on behalf of its Clients. Receipt of proxy materials is logged into a proxy control sheet. Proxy votes will generally be submitted electronically but may be submitted by mail. A record of the proxy votes cast will be made and retained by Firm. Clients can obtain information on how the proxies were voted and a detailed description of Firm's policies and procedures

regarding proxy voting by requesting such information from the chief compliance officer.

Firm understands and appreciates the importance of proxy voting. To the extent that Firm has discretion to vote the proxies of its Clients, Firm will vote any such proxies in the best interests of Clients and in accordance with the policies of its proxy voting provider and the procedures outlined below.

In evaluating how to vote a proxy, Firm will first determine whether there is a conflict of interest related to the proxy in question between Firm and its Clients. This examination will include (but will not be limited to) an evaluation of whether Firm (or any affiliate of Firm) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by a Client of Firm.

- (B) The Firm has authority to vote client securities.

Item 18. Financial Information:

- (A) We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- (B) We have discretionary authority or custody of client funds or securities. There exists no financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients.
- (C) We have not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers: Not applicable.

Item 20. Other Information:

PRIVACY POLICY:

The Firm has adopted a privacy policy that explains the manner in which the Firm, the Partnership, and the general partner of the Partnership (collectively, "Firm") collect, utilize and maintain nonpublic personal information about investors in the Partnership, as required under federal legislation.

Collection of Information and Disclosure of Nonpublic Personal Information:

To provide investors with superior service, the Firm may collect several types of nonpublic personal information about investors, including:

- Information from forms that investors may fill out, such as subscription forms, questionnaires and other information provided by investors in writing, in person, by telephone, electronically or by any other means. This

information includes name, address, nationality, tax identification number, and financial and investment qualifications;

- Information investors may give orally;
- Information about transactions within the Firm, including account balances, investments and withdrawals;
- Information about the amount investors have invested, such as initial investment and any additions to and withdrawals from a capital account; and
- Information about any bank accounts investors may use for transfers to or from managed accounts.

The Firm does not sell or rent investor information. The Firm uses this information to conduct business with its investors; to develop or enhance its products and services; to understand the financial needs of its investors so that the Firm can provide such investors with quality products and superior service; and to protect and administer its investors' records, accounts and funds. The Firm does not disclose nonpublic personal information about its investors to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, the Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Firm, which may include attorneys, accountants, auditors and other professionals. The Firm may also share information in connection with the servicing or processing of Partnership transactions;
- To affiliated companies in order to provide investors with ongoing personal advice and assistance with respect to the products and services investors have purchased through the Firm and to introduce investors to other products and services that may be of value to such investors;
- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of a investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.

Protection of Information:

The Firm's policy is to require that all employees, financial professionals and companies providing services on its behalf keep investor information confidential.

The Firm maintains safeguards that comply with federal standards to protect investor information. The Firm restricts access to the personal and account information of investors to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Firm shares investor information must agree to follow appropriate standards of security and confidentiality.

The Firm's privacy policy applies to both current and former investors. The Firm may disclose nonpublic personal information about a former investor to the same extent as for a current investor.

OTHER ACTIVITIES OF THE FIRM AND ITS AFFILIATES:

Neither the Firm, nor the General Partner nor any of their affiliates or employees are required to manage the Partnership as their sole and exclusive function. Each of them may engage in other business activities, including competing ventures and/or other unrelated employment. In addition to managing the Partnership and its investments, the Firm, the General Partner and their respective affiliates or employees may provide investment advice to other parties and may manage other accounts and/or establish other private investment funds in the future, including those which employ an investment strategy similar to that of the Partnership.

TRADE ERROR POLICY:

The Firm has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Firm will use reasonable efforts to correct the error. If the error cannot be corrected, the Firm does not intend to make any adjustment, regardless of whether the error works to the benefit or detriment of the Partnership. The Firm will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected or attempted to be corrected.

SUPERVISION OF TRADING OPERATIONS:

The Firm, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the Partnership's account to ensure compliance with the Partnership's objectives. Despite the Firm's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in the Partnership account.