

AMH EQUITY, LTD.

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BROCHURE

PART 2A

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ITEM 1: COVER PAGE

This brochure provides information about the qualifications and business practices of AMH Equity, Ltd. If you have any questions about the contents of this brochure, please contact us at (212) 871-5700 and/or sam@leviticuspartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about AMH Equity, Ltd. also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC does not imply a certain level of skills or training.

ITEM 2: MATERIAL CHANGES

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ITEM 4: ADVISORY BUSINESS

A. General Description of Advisory Firm – AMH Equity, Ltd. (or “AMH” or the “Advisor”) is a New York corporation formed in May 1996 to provide investment advisory services to individuals and institutions including investment funds sponsored by its affiliate AMH Equity, LLC the general partner (“General Partner”) of the funds. AMH’s principal place of business is, 370 Lexington Avenue, Suite 201, New York, NY 10017, United States. AMH was founded by Adam M. Hutt who is the sole owner of the Advisor. The General Partner is 99% owned by Adam Hutt and 1% owned by Didi Hutt. Adam M. Hutt is also AMH’s President. Sam Nebenzahl is AMH’s Chief Operating Officer (“COO”) and Chief Compliance Officer (“CCO”).

B. Description of Advisory Services – AMH provides advisory services on a discretionary basis to its clients, which include Leviticus Partners, L.P. (the “Private Fund”), and managed accounts intended for sophisticated individual and institutional investors. The clients generally seek to achieve attractive capital appreciation by primarily investing in securities that are undervalued due to significant revenue and earnings growth potential. Investment of the Private Fund may also include short positions in securities that the Advisor believes to be overvalued by the market. Investments in the Private Fund, and managed accounts will consist primarily of common stocks of North American corporations, as well as debt securities, stock and index options and other securities. AMH also will occasionally invest in European companies.

C. Availability of Tailored Services for Individual Clients – AMH does not generally tailor its advisory services to the individual needs of clients. Accordingly, AMH does not manage portfolios for clients that seek to impose restrictions on investing in certain securities which AMH believes may form part of its investable universe.

D. Wrap Fee Programs - AMH does not participate in wrap fee programs.

E. Client Assets Under Management - As of December 31, 2016, AMH managed the following client assets:

Non-Discretionary Client Assets:	US\$	0.00
Discretionary Client Assets:	US\$	<u>71,309,782.00</u>
Total Assets under Management:	US\$	71,309,782.00

Please also see the answers to Items 8 and 10.

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation - AMH will receive annual management fees from its Private Fund of 1.5% the net asset value (NAV) of assets under management, payable quarterly in advance in an amount equal to 0.375% of the balance in each limited partner's capital account at the beginning of each quarter. The investment management fees are calculated and charged to investors quarterly in advance based on the value of the assets in the Private Fund's limited partner's capital account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter.

The Private Fund and managed account also are charged a Performance Allocation which is described in Item 6 below.

AMH has in the past extended lower fee terms to certain clients and/or investors based upon, among other things, their previous business relationship with the principals of AMH.

AMH's managed account management fees may be negotiated and generally are equivalent to those of the Private Fund; however, such compensation may vary as a client and AMH may agree to from time to time.

B. Payment of Fees - The Private Fund charges the investment management fee each quarter and investor accounts are billed and payable in advance. Investor account additions may only be made at a month-end. Withdrawals are only at the end of a quarter. AMH reserves the right to allow withdrawals at a month-end. If an investor withdraws or subscribes to the Private Fund, the fee payable to AMH will be based upon the value of the assets at the month-end prior to taking into consideration these transactions.

C. Other Fees and Expenses - In addition to paying investment management fees and the Performance Allocation, Private Fund investor accounts will also be subject to other investment expenses such as (either directly or through reimbursement of the General Partner and/or the Manager): (i) all expenses related to organizing the Private Fund, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees; (ii) all expenses incurred in connection with the offer and sale of the Interests and the admission of Limited Partners; (iii) all operating expenses of the Private Fund, including tax preparation fees, governmental fees and taxes, and ongoing legal, accounting and bookkeeping fees and expenses and (iv) all Private Fund trading costs and expenses (e.g., brokerage commissions, expenses related to short sales and clearing and settlement charges). The General Partner and/or the Advisor will pay all other expenses related to the administration of the Private Fund, including, but not limited to, salaries of employees, supplies, office rent and equipment, quotation services, utilities and administrative services.

D. AMH's clients pay quarterly management fees in advance. Should a client redeem intra quarter, no refund is provided.

E. AMH does not accept any form of compensation for the sale of securities or other investment products.

Please also see the answers to Items 8, 10 and 12.

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

Pertaining to the Private Fund, as disclosed in Item 5.A above, generally, at the end of each Fiscal Year, the General Partner will receive an allocation of net profits (the "Performance Allocation") from each Limited Partner's capital account equal to 20% of the aggregate net profits allocated to such Limited Partner's capital account during such Fiscal Year subject to a "high water mark". If a Limited Partner makes a complete withdrawal from its capital account prior to the end of a Fiscal Year, the General Partner shall be entitled to receive the Performance Allocation, if applicable, at such time. The Performance Allocation with respect to certain Limited Partners, including affiliates of the General Partner, may be waived or reduced by the General Partner in its sole and absolute discretion.

The Private Fund will maintain a memorandum loss recovery account (a "Loss Recovery Account"), sometimes called a "high water mark", for each Limited Partner. For each Fiscal Year, each Limited Partner's Loss Recovery Account will be debited with the aggregate net losses, if any, allocated to such Limited Partner's capital account for such Fiscal Year. The General Partner will not be allocated any Performance Allocation with respect to a Limited Partner's capital account until such Limited Partner has recovered any net losses debited to its Loss Recovery Account. The amount in the Loss Recovery Account will be proportionately reduced for withdrawals of capital.

Performance fees of 20% are also charged on managed accounts, although fees are negotiable.

Side-by-Side Management of Multiple Accounts

AMH and its investment personnel currently manage the Private Fund and a managed account. A potential exists for one client account to be favored over another client account. AMH and its investment personnel have a greater incentive to favor client accounts that pay AMH higher fees. This conflict is mitigated as generally each client has the same fee arrangement within the Private Fund and managed account.

AMH intends that its policies and procedures address potential conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements. Private funds and separately managed accounts may employ the same or differing trading strategies. Notwithstanding differing strategies each are trading equities and debt; yet differing fees apply, such as between a private fund and a managed account client. A client paying a performance fee or allocation (which is presently the case for the sole private fund and sole separately managed account), should be aware that this type of fee arrangement potentially creates a conflict of interest as (i) the fee arrangement may create an incentive for AMH to make investments that are riskier or more speculative than would be the case in the absence of a

performance fee; (ii) AMH may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account, among other things; and (iii) AMH may have an incentive to favor clients paying a performance fee or allocation. AMH's conflict mitigating trade aggregation and allocation policy provides that AMH will fulfill its fiduciary duty and obligation to act in the best interest of its clients and to place its clients' interest before its own. Should additional managed accounts or funds be sponsored or managed by AMH, any potential conflicts would be managed in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client under the trade aggregation policy.

Please also see the answers to Items 5, 10, and 12.

ITEM 7: TYPES OF CLIENTS

AMH provides advice to the AMH sponsored Private Fund and managed account. Interests in the Private Fund are held by the investors who elect to participate in such Fund. Prospective investors are requested to refer to the governing documents of such Private Fund for more complete details. The Private Fund is offered exclusively to accredited investors pursuant to Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and is therefore not required to register as an investment company under the Investment Company Act in reliance upon certain exemptions available to AMH's Private Fund whose securities are not publically offered. AMH generally requires that a limited partner in a Private Fund invest a minimum of generally \$300,000 to \$500,000; although, AMH may accept a lesser initial investment in its sole discretion. AMH also has managed account clients. For these, minimum investment size is negotiated. Currently, AMH holds a managed account with a family office.

Please also see the answers to Items 4 and 10.

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

A. Methods of Analysis and Investment Strategies - Investment Objective and Overview

The investment objective of the Private Fund is to achieve above-average capital appreciation, relative to the risks assumed, by investing in a portfolio comprised primarily of established publicly traded securities. The Private Fund and managed account will emphasize total return, not current income.

AMH manages different types of investment vehicles in accordance with the same and/or differing investment strategies. For example, AMH manages a separate account and a Private Fund. While each vehicle is generally, subject to certain specific limitations, client imposed or otherwise, and invested in the some of the same underlying securities, there are differing levels of transparency associated with each type of investment vehicle. For example, clients invested in the Private Fund and managed account may be provided with greater transparency with respect to portfolio holdings. There are also differing levels of liquidity where the Private Fund

only offers quarterly liquidity. The respective offering memorandum for the Private Fund contains the following detailed description of the particular fund's investment strategy and associated investment risks.

Methods and Strategies for Leviticus Partners, L.P. ("LP Fund")

The LP Fund's strategy for achieving this investment objective will be to invest in companies and in situations as to which the General Partner, through the efforts of Mr. Hutt at the Advisor (who will make all of the General Partner's investment decisions) and other employees of the General Partner, has become familiar as a result of its own fundamental research and analysis, which may deviate substantially from the research and analysis used by the majority of investment Advisors. The General Partner currently engages in substantial, independent research regarding a broad range of companies it believes may be largely misunderstood or neglected by other securities analysts and firms. The General Partner believes that this research is necessary to understand a company, its industry and its competitive position within that industry. This may involve meeting with management, staff, competitors, vendors, customers, industry consultants and research analysts to seek to thoroughly understand the company's business, management savvy and future prospects. These include, but are not limited to, companies and industries undergoing major changes, small capitalization companies and companies with limited research coverage.

The LP Fund's portfolio generally will include long positions in securities of companies that the General Partner believes to be undervalued relative to such companies' growth prospects and/or intrinsic value. The General Partner may engage in short selling (and use related techniques involving options) where the General Partner believes that a security is overvalued and/or in an effort to limit the market risk of the LP Fund's portfolio. However, the General Partner expects the Fund's portfolio to have a "long bias". At any given time, the General Partner expects the Fund's portfolio to be approximately 100-110% long and approximately 25-35% short. The General Partner anticipates that during typical periods, the LP Fund will have long positions in approximately 25-35 companies and short positions in approximately 10-20 companies. No investment (measured at the time of purchase) will exceed 10% of the LP Fund's total equity.

The LP Fund's investment strategy may include the use of leverage (including margin borrowings) from time to time in pursuit of additional return, up to a maximum of 50% of the Fund's equity value. The General Partner believes that leverage will allow the LP Fund to take advantage of value added investment research and may be employed to the extent that the General Partner expects it can substantially exceed the costs of leverage.

The General Partner has discretion to cause the Funds to invest in other types of securities and to follow other investment criteria and guidelines.

The managed accounts generally have mirrored the objectives and strategies of Leviticus Partners LP.

This investment strategy and method of operation involves the risk of loss to clients and clients should be prepared to bear the loss of their entire investment.

B. Material Risks Related to Investment Strategies:

An investment in a private fund or a managed account involves financial and other risks and is suitable only for sophisticated investors for whom an investment in such vehicles does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment in such vehicles. Prospective investors should carefully review the risks involved in investing in such vehicles, and should evaluate the merits and risks of an investment in such vehicles in the context of their overall financial circumstances. The following risk factors do not purport to be complete, but should be considered carefully by investors, for the Private Fund, or such other vehicle as may be appropriate.

PRIVATE FUND RISKS

With regard to an investment in the Private Fund:

Risks associated with Leviticus Partners, L.P.

CERTAIN RISK FACTORS

The Partnership may be deemed to be a speculative investment and is not intended as a complete investment program. The Partnership is designed only for sophisticated persons who are able to bear the risk of an investment in the Partnership. The following does not purport to be a summary of all of the risks associated with an investment in the Partnership. Rather, the following describes certain specific risks to which the Partnership (and, therefore, the Partners) is subject and with respect to which the General Partner and the Manager strongly encourage prospective investors to carefully consider and to consult regarding the same with their professional advisors, as they deem necessary.

Market and Investment Risks

Investment and Trading Risks. An investment in the Partnership involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Partnership's investment program will be successful. The General Partner will be investing substantially all of the Partnership's assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which the Partnership expects to invest have recently experienced and may continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Partnership. In addition, there can be no assurance that the various investment strategies selected by the General Partner will be successful in accurately predicting price and interest rate movements.

Use of Leverage. The General Partner may leverage the Partnership's portfolio through margin and other debt in order to increase the amount of capital available for investments, up to a maximum of 50% of the Partnership's equity value. Although leverage increases returns to the Partners if the Partnership earns a greater return on the incremental investments purchased

with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Partners if the Partnership fails to earn as much on such incremental investments as it pays for such funds. In the event that the Partnership leverages its portfolio, fluctuations in the market value of the Partnership's portfolio will have a significant effect in relation to the Partnership's capital and the risk of loss and the possibility of gain will each be increased. In addition, when the Partnership utilizes leverage, the level of interest rates generally, and the rates at which the Partnership can borrow in particular, will be an expense of the Partnership and therefore affect the operating results of the Partnership. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of the Partnership's portfolio.

The Partnership may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Partnership. For example, should the securities pledged to brokers to secure the Partnership's margin accounts decline in value, the Partnership could be subject to a margin call pursuant to which the Partnership would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Partnership's assets, the Partnership might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales. Although it is expected that the Partnership's portfolio will generally be long-biased, a portion of the Partnership's portfolio is expected to include short selling. Short sales are sales of securities the Partnership borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Partnership will be able to make a profit by purchasing the securities at a later date at the lower prices. The General Partner may engage in short sales as part of the Partnership's investment strategy. The Partnership will incur a loss on a short sale if the price of the security increases prior to the time the General Partner purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a long position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss. In addition, the ability to continue borrowing the security is not guaranteed. If the short seller loses the ability to continue borrowing the security, a "buy-in" may occur, forcing the short seller to purchase the security at an inopportune moment. The General Partner will seek to limit the risks posed by short selling by ensuring that the Partnership's portfolio will have a "long bias". At any given time, the General Partner expects the Partnership's portfolio to be approximately 100-110% long and approximately 25-35% short. In addition, the General Partner expects to maintain short positions solely in large, established companies.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. The Partnership's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Partnership. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or

different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may from time-to-time impose restrictions that adversely affect the Partnership's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Partnership may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Partnership may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Partnership is subject to strict delivery requirements. The inability of the Partnership to deliver securities within the required time frame may subject the Partnership to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Partnership to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Partnership's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Partnership.

Small-Cap and Micro-Cap Issuers. The Partnership's assets may be invested in small-cap and micro-cap issuers. While these securities may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, they also present greater risks. For example, some of these issuers have limited product lines, markets or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings, and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. There may be less publicly available information about these issuers. The market prices of securities of small-cap and micro-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments and market rumors than are the market prices of large-cap issuers, and these securities may exhibit persistent losses and/or erratic revenue patterns, which may lead to significant volatility (as has been the case recently with certain technology companies). Transaction costs in these securities may be higher than in those of large-cap issuers. Micro-cap issuers may rely on credit to a larger extent than larger-cap issuers, and may therefore be more adversely affected if they are unable to obtain or afford credit at any given time. In addition, many of these issuers do not have the financial and other resources necessary to compete with large-cap issuers, particularly with respect to marketing, technology and research and development. Further, securities of small-cap and micro-cap issuers may be traded in over-the-counter ("OTC") markets. While OTC markets have grown rapidly in recent years, many OTC securities trade less frequently and in smaller volume than exchange-listed securities. The values of these securities may fluctuate more sharply than exchange-listed securities, and the Partnership may experience some difficulty in acquiring or disposing of positions in these securities at prevailing market prices.

Although the Partnership expects to invest in issuers that are considered small-cap or micro-cap at the time of investment, there is no assurance that the Partnership will sell these securities if an issuer's market capitalization exceeds a particular threshold. Should the General Partner sell

the securities of an issuer when the issuer's market capitalization exceeds a certain threshold, the Partnership will not benefit from any additional appreciation on such issuer's securities.

Equity Securities of Growth Companies. A portion of the Partnership's assets may be invested in equity securities of companies that the General Partner believes have potential for capital appreciation significantly greater than that of the market averages (so-called "growth" companies). The market capitalization of the growth companies in which the Partnership will invest may range from small to large capitalizations. Growth stocks are generally more sensitive to market movements than other types of stocks, primarily because their stock prices are based heavily on future expectations. Securities of growth companies may be traded in OTC markets, and may therefore be subject to additional liquidity and volatility risks, as discussed above.

Undervalued Equity Securities. The Partnership's investment strategy focuses on investing in companies that the General Partner believes are undervalued. Opportunities in undervalued equity securities arise from market inefficiencies or due to a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of a security. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Hedging. The Partnership may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, the General Partner's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Partnership's hedging strategy will also be subject to the General Partner's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. In certain instances, it may be difficult to hedge a position in a small cap issuer, as the securities of many such issuers are thinly traded. The Partnership's portfolio is not expected to be adequately hedged at all times and at various times the General Partner may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Partnership's assets may not be adequately protected from market and volatility and other conditions. While the Partnership may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Partnership than if it had not engaged in any such hedging transactions. For a variety of reasons, the General Partner may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Partnership from achieving the intended hedge or expose the Partnership to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Partnership's portfolio holdings.

In certain transactions, the Partnership may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated. The General Partner may not hedge a position in the Partnership's portfolio because a hedge may not be available; it

may be too costly in light of the likelihood of the possible risk actually occurring or the risk simply could not be reasonably anticipated.

Illiquid Securities. A portion of the Partnership's assets may be invested in illiquid or private securities. Such securities may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such securities are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges. Further, such investments may be difficult to value.

Concentration of Investments. While the General Partner will attempt to allocate the Partnership's equity among a number of different securities of a number of different companies, it is possible that a significant amount of the Partnership's equity could be invested in the securities of only a few companies. The concentration of the Partnership's portfolio in any one issuer or industry would subject the Partnership to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industry. The General Partner will seek to limit this risk by ensuring that no investment (measured at the time of purchase) will have a value of more than 10% of the Partnership's total equity and seeking to ensure that no more than 15% of the Partnership's total equity at current value is held in any one investment. In addition, the General Partner will seek to limit the Partnership's exposure to any single issuer or industry. Accordingly, if the Partnership has invested a substantial portion of its portfolio in long positions of a particular issuer or security, the General Partner may engage in short selling of a related issuer or industry.

Counterparty Risk. Some of the markets in which the Partnership may effect transactions are OTC or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Partnership to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The Partnership is not restricted from concentrating any or all of its transactions with one counterparty. The ability of the Partnership to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Partnership. Counterparty risks also include the failure of executing brokers to honor, execute or settle trades.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. OTC options that the Partnership may use in its

investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for options is relatively illiquid, particularly for relatively small transactions. The General Partner currently expects that options will make up a relatively small portion of the Partnership's portfolio.

Derivative Investments. Derivative instruments or "derivatives" include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

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

Non-U.S. Securities. The Partnership will invest in securities of non-U.S. issuers. The Partnership's investments in securities and instruments in foreign markets involve substantial risks often not typically associated with investing in U.S. securities. Investments in foreign securities may be adversely affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Partnership's assets denominated in that currency and thereby will have an impact upon the Partnership's total return on such assets. The Partnership may utilize options and forward contracts to hedge against currency fluctuations but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also be subject to risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of the Partnership's assets and the effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting,

auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S. In addition, differences in clearance and settlement procedures on foreign markets may occasion delays in settlements of the Partnership's trades effected in such markets.

Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval. The Partnership could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by the government of an emerging country.

Taxation of dividends, interest and capital gains received by non-residents varies among foreign countries and, in some cases, is comparatively high. In addition, some countries have tax laws and procedures that may permit retroactive taxation so that the Partnership could in the future become subject to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

Loans of Portfolio Securities. The Partnership may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of the Partnership's assets. By doing so, the Partnership attempts to increase its income through the receipt of interest on the loan. In the event of a default or the bankruptcy of the other party to a securities loan, the Partnership could experience delays in recovering the securities it lent and there is no assurance that the securities will be recovered. To the extent that the value of the securities the Partnership lent has increased, the Partnership could experience a loss if such securities are not recovered.

Activist Investing. In various situations, the General Partner may engage in activist investment strategies for a variety of reasons, including as a means to improve corporate governance and transparency and to increase stakeholder value generally and the valuation of the Partnership's holdings in particular. This may include actively seeking to change governance at portfolio companies by initiating proxy battles; filing legal actions in local and international courts, where appropriate; publicizing corporate problems via local and international media; and otherwise bringing pressure to bear on company management to make changes that the General Partner believes maximize stakeholder value. This strategy presents a risk of retaliation against the General Partner or its members and officers and affiliates by target company management or other interested parties who are impacted by this stakeholder activism.

Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Partnership losing substantial value caused predominantly by liquidity and counterparty issues (as noted above) which could result in the Partnership incurring substantial losses.

General Economic Conditions. The success of the Partnership's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Partnership's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Partnership's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Partnership's profitability or result in losses. The Partnership may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

Recently, global markets experienced unprecedented volatility and illiquidity. The effects thereof are continuing and there can be no assurance that the Partnership will not be materially adversely affected. These conditions have led to extensive governmental interventions. Such interventions have in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition – as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action – these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Partnership's strategies.

Competition. The securities industry and the varied strategies engaged in by the General Partner are extremely competitive and each involves a degree of risk. The Partnership competes with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Broker Risk. The Partnership's assets may be held in one or more accounts maintained for the Partnership by its Prime Broker or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The Prime Broker, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Partnership's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Partnership's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of the Prime Broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on the Partnership and its assets. Investors should assume that the insolvency of the Prime Broker, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Partnership's assets or in a significant delay in the Partnership having access to those assets.

Leviticus Partners, L.P. -- Risks Associated with the Partnership

Dependence on Key Personnel. All decisions with respect to the Partnership's assets and the general management of the Partnership will be made by the General Partner, which relies on the services of Mr. Hutt. Partners will have no right or power to take part in the management of the Partnership. As a result, the success of the Partnership will depend upon the ability of the General Partner. Should Mr. Hutt or any of the General Partner's employees leave or become incapacitated for any period of time, the profitability of the Partnership's investments may suffer. The Partnership currently maintains a \$4,000,000 life insurance policy on Mr. Hutt.

Limited Liquidity. Because of the limitations on withdrawals and the fact that the Interests are not tradable, an investment in the Partnership is relatively illiquid and involves a high degree of risk. A subscription for Interests should be considered only by sophisticated investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment. There is no public or secondary market for the Interests, and one is not expected to develop.

Limitations on Limited Partner Withdrawals and Transfers. A Limited Partner generally may only withdraw all or any portion of its capital account balances from the Partnership at certain limited times and upon certain required advance notice. The General Partner may suspend withdrawal rights (including the payment of withdrawal proceeds), in whole or in part, on the occurrence of certain circumstances. See "*Summary of the Limited Partnership Agreement – Withdrawals by Limited Partners*". There can be no assurance that the Partnership will have sufficient cash to satisfy withdrawal requests or that it will be able to liquidate investments at the time of such withdrawal requests at favorable prices. In addition, a Limited Partner may not sell, assign, pledge, rehypothecate or transfer its Interest without the prior written consent of the General Partner, which consent may be granted or refused by the General Partner in its sole discretion. Accordingly, Interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

A Limited Partner May Be Required to Withdraw Its Capital. Under the Partnership Agreement, the General Partner may, in its sole and absolute discretion at any time, require any Limited Partner to withdraw all or a portion of such Limited Partner's capital from the Partnership upon prior written notice. Such mandatory withdrawal may create adverse tax and/or economic consequences to the Limited Partner depending on the timing thereof.

Limited Partners Do Not Participate in Management. Limited Partners do not participate in the management of the Partnership or in the conduct of its business. Moreover, Limited Partners have no right to influence the management of the Partnership, whether by voting or otherwise. Any participation in the management of the Partnership could subject a Limited Partner to unlimited liability as a general partner.

Liability of a Limited Partners for the Return of Capital Contributions. If the Partnership should become insolvent, the Partners may be required to return, with interest, any property distributed that represented a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

In-Kind Distributions. The Partnership expects to distribute cash to a Partner upon a withdrawal. However, there can be no assurance that the Partnership will have sufficient cash to satisfy withdrawal requests or that it will be able to liquidate investments at the time of such

withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the General Partner, a Partner may receive in-kind distributions from the Partnership's portfolio. The risk of loss and delay in liquidating these securities will be borne by the Partner, with the result that such Partner may receive less cash than it would have received as of the withdrawal date. The General Partner has historically paid all withdrawals in cash, and expects to continue to do so in the future.

Conflicts of Interest. As described under the heading "Partnership Management – Conflicts of Interest", there are certain potential conflicts of interest that should be considered by prospective investors before subscribing for Interests.

Supplementary Agreements with Limited Partners. In connection with a prospective investor's subscription for an Interest, the General Partner reserves the right to enter into a side letter or similar agreement (a "Supplementary Agreement") with such new investor. A Supplementary Agreement may provide for, among other things, (i) the General Partner's agreement to exercise its discretionary authority under the Partnership Agreement in certain respects for the benefit of the investor (e.g., with respect to fees and/or withdrawal rights), or (ii) the General Partner's agreement to extend certain information rights or additional reporting to such investor, in some cases to accommodate special regulatory or other circumstances of the an investor. The entry by the General Partner into any Supplementary Agreement would not require the vote or consent of any Limited Partner unless such Supplementary Agreement constituted or required an amendment to the Partnership Agreement requiring such a vote or consent. Further, the General Partner will not generally be required to notify any or all of the other Limited Partners of such agreements or of any of the terms or provisions thereof, nor will the General Partner be required to offer such varied rights, privileges and other terms to any or all of the other Limited Partners.

Valuation. Valuations of the Partnership's securities and other investments, such as options, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the Net Worth of the Partnership could be adversely affected. Certain of the Partnership's investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Furthermore, the General Partner may determine that the valuation of the Partnership's portfolio in accordance with the procedures set forth in the Partnership Agreement does not accurately reflect the value of the portfolio and, in such cases, the General Partner may make appropriate and reasonable modifications to such valuations (including, without limitation, to reflect liquidity conditions or other factors affecting such value). Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the General Partner may affect the amount of the Management Fee and Performance Allocation. All values assigned to securities by the General Partner pursuant to the Partnership Agreement are final and conclusive as to all Partners.

U.S. Federal Income Tax Risks. The Partnership has not requested a ruling from the IRS or an opinion of legal counsel as to any tax matters, including whether the Partnership will be treated as a partnership (and not as an association taxable as a corporation) for U.S. Federal income tax purposes. If the Partnership were to be treated as a corporation rather than as a partnership for U.S. Federal income tax purposes, the Partnership itself would be taxed on its taxable income at corporate tax rates, there would be no flow-through of items of Partnership income, gain, loss or deductions to the Partners, and Partnership distributions generally would be taxable as dividends. Under present laws and regulations and judicial interpretations thereof, the General

Partner believes the Partnership will be classified and treated as a partnership for U.S. Federal income tax purposes, and not as an association taxable as a corporation.

Assuming that the Partnership is treated as a partnership, each Limited Partner must include in its own income its allocable share of Partnership taxable income, whether or not any cash is distributed and, as a result of various limitations imposed by the tax laws regarding passive losses and otherwise, may be unable to currently deduct its allocable share of Partnership expenses and capital losses, if any. Because the General Partner currently does not expect the Partnership to make cash distributions to Limited Partners, a Limited Partner's tax liability with respect to its share of the Partnership's taxable income may exceed the cash distributions, if any, to such Partner in a particular year. Furthermore, special tax rules apply to certain categories of Limited Partners, including individual retirement accounts and other tax-exempt entities. See "*Certain U.S. Federal Income Tax Matters*".

An audit of the Partnership's U.S. Federal informational tax return may cause a change in or precipitate an audit of the Limited Partners' U.S. Federal income tax returns. Further, any such audit might result in adjustments by the IRS to items of non-Partnership income or loss. Any additional U.S. Federal income tax due as a result of any such adjustment will bear interest (compounded daily) at rates established quarterly by the IRS equal to three percentage points above the U.S. Federal short term rate determined in accordance with Section 1274(d) of the Code for the first month in the quarter (rounded to the nearest full percent).

The General Partner will endeavor to provide a final Schedule K-1 to each Limited Partner for any given calendar year prior to April 15th of the following year. In the event that the final Schedule K-1 is not available by such date, a Limited Partner will either have to file for an extension or pay taxes based on an estimated amount and file an amended return once the final Schedule K-1 is received.

Tax-Exempt Investors. Entities subject to ERISA, as well as other investors that are exempt from U.S. Federal income taxation (or that are entities composed primarily of tax-exempt U.S. Persons), may be subject to U.S. Federal, state and local laws, rules and regulations, which may regulate their participation in the Partnership or their engaging directly or indirectly through an investment in the Partnership in investment strategies of the types which the Partnership may utilize from time to time (e.g., short sales of securities and the use of leverage and limited diversification). Each type of exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Partnership. See "*Certain U.S. Federal Income Tax Matters*" and "*ERISA and Other Benefit plan Considerations*".

Benefit Plan Regulatory Risks. The General Partner generally intends to limit investment by "benefit plan investors" (as described under "*ERISA and Other Benefit Plan Considerations*") in the Partnership so that the assets of the Partnership and will not constitute "plan assets" of an investor which is subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, the General Partner does not anticipate that the Partnership or the General Partner will be subject to the fiduciary and other requirements of ERISA, the prohibited transaction rules of ERISA or the Code, or any other related requirements with respect to any benefit plan investor. However, if the Partnership were at any point deemed to hold plan assets for purposes of ERISA or the Code, the General Partner could be considered fiduciaries under ERISA and the Code, the activities of the

Partnership would become subject to the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, and the operations and investments of the Partnership may be limited as a result, resulting in a lower return to the Partnership than might otherwise be the case. In addition, unless the General Partner were to operate the Partnership and its investments in accordance with ERISA and the prohibited transaction provisions of the Code, the General Partner could be exposed to litigation, penalties and liabilities which might adversely affect their ability to fully satisfy their obligations to the Partnership. See "*ERISA and Other Benefit Plan Considerations.*"

Soft Dollars. The use of brokerage commissions to obtain research services creates a conflict of interest between the General Partner and the Partnership. This may result in the Partnership paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. Currently, the General Partner pays higher prices to brokers that provide the General Partner with investment opportunities based on the broker's own research or the availability of the particular security in the open market. The General Partner does not expect that such additional commissions will be material to the Partnership's results. To the extent that the General Partner is able to acquire these products and services without expending its own resources or at reduced prices, the General Partner's use of "soft-dollars" would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence the General Partner to select one broker rather than another to perform services for the Partnership. It is anticipated that the use of commissions or "soft dollars" to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Exchange Act.

Frequency of Trading. Some of the strategies and techniques to be employed by the General Partner will require frequent trades to take place and, as a consequence, portfolio turnover and brokerage commissions will be greater than for other investment entities of similar size. The Partnership will bear these costs regardless of its profitability. Notwithstanding the foregoing, the Partnership will generally not hold short-term positions, and the General Partner expects that the Partnership's short positions will display a higher degree of turnover than the Partnership's long positions.

Operating Deficits. The expenses of operating the Partnership (including the Management Fee and Performance Allocation payable to the Manager and the General Partner, respectively) may exceed its income, thereby requiring that the difference be paid out of the Partnership's capital, reducing the Partnership's investments and potential for profitability.

No Distributions. The General Partner does not intend to make distributions to the Limited Partners, but intends instead to reinvest substantially all Partnership income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Partnership obligations, payment of Partnership expenses (including fees payable and expense reimbursements to the General Partner and the Manager) and establishment of appropriate reserves. As a result, if the Partnership is profitable, Limited Partners in all likelihood will be credited with Partnership net income and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though Limited Partners receive little or no Partnership distributions.

Investment Expenses. The investment expenses (e.g., expenses related to the investment and custody of the Partnership's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Partnership fees (e.g., performance

fees, management fees and operating expenses) may, in the aggregate, constitute a high percentage relative to other investment entities.

Limitation of General Partner's and Manager's Liability and Indemnification of General Partner and Manager. Under the Partnership Act, a general partner is accountable to the limited partners as a fiduciary and, consequently, is required to exercise good faith and integrity in handling partnership affairs. The Partnership Agreement provides that the General Partner and the Manager shall be indemnified against and shall not be liable for, any loss or liability incurred in connection with the affairs of the Partnership, so long as such loss or liability do not involve gross negligence or willful misconduct. Therefore, a Limited Partner may have a more limited right of action against the General Partner and the Manager than a Limited Partner would have had absent these provisions in the Partnership Agreement. In addition, the General Partner and the Manager are indemnified by each Limited Partner against certain losses and liabilities as provided in the Subscription Agreement. **It is the policy of the SEC that indemnification for violations of securities laws is against public policy and therefore unenforceable.**

No Minimum Size of Partnership. The Partnership is not required to maintain any particular level of capitalization. At low asset levels (as a result of losses, withdrawals or otherwise), the Partnership may be unable to diversify its investments as fully as would otherwise be desirable or take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Partnership operates for a period with substantial capital, investors' withdrawals could diminish the Partnership's assets to a level that does not permit the most efficient and effective implementation of the Partnership's investment program.

General Partner's Right to Make Withdrawals and Resign from the Partnership. The General Partner may withdraw all or any of the value in its capital account at any time, from time to time, without the consent of the Limited Partners and without notice to any of the Limited Partners. The Partnership Agreement provides that the General Partner may resign upon 60 days notice. Upon the withdrawal of the General Partner, the remaining Limited Partners have the right to appoint a substitute general partner; otherwise the Partnership shall be dissolved.

General Partner's Compensation. The Performance Allocation to the General Partner will be based, in part, on unrealized investment gains that may never be realized in the event of adverse changes in the value of such investments. A performance-based allocation arrangement may create an incentive for riskier or more speculative investments by the General Partner than might be the case in the absence of such performance-based allocation arrangement; however, any such risks would be equally applicable to the General Partner's own capital account. Such risk may also be reduced as a result of the Partnership's "high water mark" provision, which requires recovery of any prior losses before a Performance Allocation is made to the General Partner.

Absence of Certain Statutory Registrations. Neither the General Partner nor the Manager are registered as an investment adviser with the SEC under the Advisers Act, but may decide, in their sole discretion, or as otherwise required by applicable law or regulation, to become so registered in the future. Such registration or other regulations that may in the future be adopted could adversely affect the Partnership or create additional costs and expenses for the Partnership. It is possible in the future that the regulatory environment for hedge funds and their managers could change. This could result in new laws or regulations that could, for

example, impose restrictions on the operation of the Partnership, the General Partner and/or the Manager and their affiliates; impose disclosure or other obligations on those entities; or restrict the offering, sale or transfer of Interests. Accordingly, any such laws or regulations could adversely affect the investment performance of the Partnership or its access to additional capital, create additional costs and expenses for the Partnership or otherwise have an adverse impact on the Partnership and its Partners.

In addition, the Partnership will not be registered as an investment company under the ICA, in reliance upon certain exemptions from the registration requirements of the 1940 Act. Accordingly, the Partnership will not be subject to the various statutory and SEC regulatory requirements applicable to registered investment companies. For example, the Partnership is not required to maintain custody of its securities or place its securities in the custody of a bank or a member of a securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. The Partnership generally will maintain such accounts at brokerage firms that do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on the Partnership than registered investment companies. Such registration or other regulations that may in the future be adopted could adversely affect the Partnership or create additional costs and expenses for the Partnership.

Reserves. Under certain circumstances, the Partnership may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Limited Partner's proceeds at the time of withdrawal. If the reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of the Partnership, but the amount paid upon a prior withdrawal will not be adjusted. Conversely, if the reserve is subsequently determined to have been insufficient, the net assets of the Partnership will be used to pay such amounts and the Partnership shall have no right to recover any excess withdrawal proceeds from a Limited Partner.

No Separate Counsel. Bingham McCutchen LLP acts as counsel to the Partnership, the General Partner and the Manager. No separate counsel has been retained to act on behalf of the Limited Partners. Representation by Bingham McCutchen LLP is limited to specific matters as which it has been consulted by the Partnership, the General Partner and/or the Manager. This Memorandum was prepared based on information furnished by the General Partner and the Manager and Bingham McCutchen LLP has not independently verified such information.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING. PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR INTERESTS.

C. Risks Associated with Types of Securities that are Primarily Recommended – See Item 8.B. above.

Please also see the answers to Items 4, 10, 11 and 12.

ITEM 9: DISCIPLINARY INFORMATION

The Advisor and its principals have not been the subject of any material legal proceedings required to be disclosed in response to this item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. AMH and its related person are each not registered, or have an application pending to register, as a broker-dealer.

B. AMH, its related person, and Supervised Persons are each not registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants – AMH utilizes various industry participants with regard to the Private Fund, such as use of a fund administrator, executing brokers and a prime broker. AMH also may use outside third parties to aid in various operational matters; none of these are related persons which could give rise to a conflict of interest.

Owners and affiliates of AMH and staff, hold investments in the Private Fund.

D. AMH does not recommend or select other investment advisers for its clients.

Please also see the answers to Items 4, 8, 11 and 12.

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

A. Code of Ethics - AMH has adopted a Code of Ethics (the “Code”) that sets out its policies in respect of standards of business conduct, personal securities transactions, and political and governmental activities of its Supervised Persons¹. The Code obligates AMH and its employees to put the interests of AMH’s clients before its own interests and to act honestly and in good faith in all respects in its dealings with clients. All of AMH’s personnel are also required to comply with applicable federal securities laws.

Among other requirements, with regard to the Private Fund, the Code requires AMH Access Persons (and their family members) to obtain pre-approval to acquire or sell an interest in any security offered in an initial public offering or any private placement offering (except that certain personnel of AMH may, and do from time to time, invest in interests of the Private Fund managed by AMH and may invest in the managed account). In addition, AMH’s Code

¹ The term “Supervised Persons” (i.e., any of the following (a) a director, officer, partner or equivalent, Advisor, employee, or any other person who provides advice on behalf of AMH Equity and is subject to AMH Equity’ supervision and control; as well as “Access Persons” (i.e., a Supervised Person who has access to non-public information regarding a client’s purchase or sale of securities, who is involved in making securities recommendations to clients or who has access to such recommendations that are non-public.

prohibits AMH or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list, as may be implemented as warranted, maintained by the CCO. All of AMH's employees are also required to provide a quarterly certification of all Reportable Security transactions, as well as disclose their holdings on an annual basis.

AMH, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which AMH has invested or seeks to invest on behalf of clients. AMH is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. AMH maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that AMH is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, AMH may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but AMH will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, AMH will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that AMH possesses such information), or not using such information for the client's benefit, as a result of following AMH's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Sam Nebenzahl (Chief Compliance Officer) by email sam@leviticuspartners.com or by telephone at (212) 871-5700.

B. Client Transactions in Securities where Adviser has Material Financial Interest – AMH or a related person do not recommend or buy or sell securities, in which AMH or related person has a material financial interest.

C. Investing in Securities Recommended to Clients – AMH's employees or related persons may invest in the Private Fund managed by AMH, or in securities of companies the Advisor may purchase for its clients. See Code of Ethics Item 11.

D. AMH does not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account.

Please also see the answers to Items 10 and 12.

ITEM 12: BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

- AMH possesses discretion to determine the broker or dealer to be used for its Private Fund . In selecting brokers or dealers to execute transactions (or series of transactions), AMH considers a number of factors to determine the reasonableness of the broker-dealer's compensation. Such factors include quality of execution, price, ability to effect the transactions, the brokers' or dealers' facilities, types of service provided, such as sector specialists, technology, reliability and financial responsibility, special execution capabilities, block trading capabilities, willingness to execute related or unrelated difficult transactions in the future, quotation services, custody, recordkeeping and similar services, and any research or investment management-related services provided by such brokers or dealers; however, AMH need not solicit competitive bids from broker-dealers and does not have an obligation to seek the lowest available commission cost. Where it utilizes full-service brokers, it is not AMH's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

1. Research and Other Soft Dollar Benefits – AMH does not use soft dollars. However, it is possible that a limited portion of expenses for research related products and services may be paid with "soft dollars" generated through the Private Fund 's trading activities. Should it receive research from certain broker-dealers in connection with client securities transactions, this is known as a "soft dollar" relationship. Should AMH ever use soft-dollars, AMH would limit the use of "soft dollars" to obtaining research and brokerage services as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment Advisor and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

As disclosed above, AMH does not 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), resulting in higher transaction costs for clients. The use of client commissions (or markups or markdowns) to obtain research and brokerage products and

services raises conflicts of interest. For example, AMH will not have to pay for the products and services itself. This creates an incentive for AMH to select or recommend a broker-dealer based on its interest in receiving those products and services.

In order to manage the conflicts of interest inherent in its brokerage practices, AMH does not use soft dollars, but should AMH ever engage in the use of soft dollars, AMH has adopted the following policies:

(i) AMH limits the use of “soft dollars” under client commission arrangements to those products and services that are permitted under the safe harbor of Section 28(e); and

(ii) AMH’s brokerage policies are disclosed to clients in writing prior to the provision of AMH’s services, generally as part of the confidential private placement memorandum of the Private Fund or as part of the Prospectus of the Mutual Fund.

2. AMH does not select or recommend broker-dealers based on whether the Adviser receives client referrals from such broker-dealer.

3. AMH does not have directed brokerage arrangements with clients.

B. Order Aggregation –

AMH must allocate securities among clients in a fair and equitable manner, with no particular group or clients being favored or disfavored over any other clients. Any conflicts of interest may arise in the trading activities on behalf of clients and must be disclosed and resolved in the best interests of the clients.

AMH will determine which client accounts will participate in the purchase or sale of a security based on the account's investment objectives, investment guidelines and other relevant factors, such as liquidity of the security. AMH will also determine the number of shares to be purchased or sold for each account that is participating. If the security is appropriate for more than one account, AMH may, but is not required to, aggregate the trades. The aggregation or blocking of client transactions allows AMH to execute transactions in a more timely, equitable and efficient manner and seeks to reduce overall commission charges to clients. When an investment opportunity appropriate for more than one account is limited (or there is a partial fill of an aggregated order), AMH may allocate the investment to one or more accounts, rather than across all eligible accounts, on a rotation basis such that, over time, each account receives an equitable amount of limited investment opportunities. If there is a partial fill of an aggregate order, trades also may be allocated pro rata based on the size of the original allocation.

When AMH's trading personnel place an aggregate order with a broker on behalf of all participating accounts (or place orders on the same day in the same security for more than one account), the following procedures will be used in order to ensure fairness for all accounts:

(1) Trading personnel will determine the appropriate number of shares to place with brokers and will select the appropriate brokers based upon their determination of who will

likely provide best execution, except for those accounts with specific brokerage direction (if any).

(2) If it is not clear from the order given to the brokers, trading personnel will prepare a written allocation statement that specifies the manner in which the securities from the aggregated transaction will be allocated when the order is filled. Any change to the allocation statement after the aggregated trade is placed, and the reason for the change, must be documented and provided to the Chief Compliance Officer. Notwithstanding the above, a written allocation statement is not required for trades aggregated for Leviticus and the separately managed account, which may be submitted under the Leviticus name and allocated on a pro rata basis between those two accounts based on market value of the accounts, it being intended that the two accounts will each hold the same percentage in each security in the portfolio. If a security is not held in the same percentage in each account, trades in that security will first be allocated to rebalance the relative positions so that the accounts have as close as possible to the same percentage.

(3) If the full amount of the aggregated order is not filled, the partially executed order will generally be allocated on a pro rata basis based on the size of the original allocation, subject to adjustments as determined by AMH for rounding, odd lots and certain other allocation considerations, such as (i) the extent to which the order specifies a priority allocation to one or more accounts; (ii) the extent to which an allocation would be too small to justify processing or custodial charges associated with the transaction; (iii) the extent to which an account may be under-invested or over-invested with respect to a particular security, industry or sector in comparison to other accounts in the order; (iv) the availability of, or need for cash, (v) the extent to which the transaction costs to the account would be excessive in relation to the value of the security received, and (vi) the extent to which the pro rata allocation results in an amount too small to be material to the account. If the partially executed order is not allocated pro rata based on the original allocation, AMH will treat the security as a limited investment opportunity, and allocate the investment to one or more accounts, rather than across all eligible accounts, on a rotation basis such that, over time, each account receives an equitable amount of limited investment opportunities. Orders that are added to aggregated orders subsequent to the fill or partial fill of such earlier order do not participate in such earlier fill or partial fill.

(4) AMH will review previous allocations over periods of time to determine whether any accounts are systematically disadvantaged as a result of aggregated transactions. AMH will also review all allocations of limited investment opportunities (including partial fills not allocated pro rata) to determine whether all accounts are being treated fairly.

(5) Clients participating in any aggregated transactions will receive an average daily share price and transaction costs will be shared equally and on a pro rata basis. Certain orders need not be aggregated. These include:

- (a) Orders for clients with directed brokerage arrangements.
- (b) Orders for client accounts involving index or model-driven strategies.

- (c) When AMH has determined that clients will benefit from spreading trades among several brokers.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Review – Each investor account in the Private Fund and managed account is generally reviewed monthly by Sam Nebenzahl the Chief Compliance Officer (“CCO”) for performance and adherence to investment policies.

B. Factor Prompting a Non-Periodic Review of Accounts – Changes in investment guidelines of a particular investor account may trigger reviews of client accounts on other than a periodic basis.

C. Content and Frequency of Regular Account Reports -

Investors in the Private Fund managed by AMH receive reports which generally include quarterly statements of account, annual audited financial statements within 120 days after the financial year end, and annual tax reports. Such reports may be delivered electronically to the client in accordance with the standard practices of AMH.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received from Non-Clients for Providing Services to Clients -

AMH does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to AMH’s clients, including from broker-dealers in the form of soft dollars as described above.

B. AMH will use solicitors in accordance with the requirements of the Advisors Act. Any such solicitation fees will not result in any additional charge to the client. If a prospective client is introduced to AMH by an unaffiliated solicitor, AMH requires the solicitor to provide a written disclosure statement to the prospective client with respect to the nature of the solicitor’s relationship with AMH, including the compensation to be received by the solicitor from AMH, and to provide the prospective client with a copy of this Brochure. Please also see the answers to Items 10 and 12.

ITEM 15: CUSTODY

AMH will not have physical custody of any client assets. AMH may be deemed to have custody of the assets of the Private Fund and managed account as a result of its authority over the Private Fund and managed account.

It is AMH policy to cause the Private Fund with assets over which AMH is deemed to have “custody” to be audited annually and to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of the Private Fund, AMH will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to the Private Fund to all investors promptly after completion of the audit.

With respect to the managed account, the client will receive account statements directly from the qualified custodian that maintains the assets. Clients should carefully review the account statements that they receive from the qualified custodian. Clients are also urged to compare the account statements they receive from AMH with the account statements they receive from the custodian.

ITEM 16: INVESTMENT DISCRETION

AMH provides investment advisory services on a discretionary basis to clients.

Prior to assuming full discretion in managing a client’s assets in a separate managed account, AMH enters into an investment management agreement that sets forth the scope of AMH’s discretion.

Unless otherwise instructed or directed by a discretionary client, AMH, among other things, has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment advisory agreement) and (ii) the amount of securities to be purchased or sold for the client account.

AMH maintains policies in respect of trading errors which require that, to the extent that trading errors occur; they are corrected as soon as practicable. As soon as a trading error is suspected, the CCO should be alerted immediately, who will review the facts and determine an appropriate course of action. The CCO has discretion to resolve a particular error in a manner other than specified in AMH’s procedures. Unless otherwise agreed to between AMH and the client, AMH is responsible for its own errors and not the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by AMH. Broker-dealers are not permitted to assume responsibility for trading error losses caused by AMH.

ITEM 17: VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Authority to Vote Client Securities –

With respect to its Private Fund, AMH complies with its Proxy Voting Policies and Procedures (the “Procedures”). With regard to the Private Fund and managed account, AMH Equity does not vote on routine matters and will only vote if AMH Equity believes it will be helpful in investment matters. Thus AMH Equity performs limited proxy voting (“Limited Proxy Voting”) with regard to the Private Fund and the managed account. In performing Limited Proxy Voting for the Private Fund or managed account, AMH Equity is guided by general

fiduciary principles. AMH Equity's goal is to act prudently, solely in the best interest of the Client Accounts, Funds and investors in the Funds. AMH Equity votes proxies in the manner that it believes is consistent with efforts to achieve a Fund's or Client Account's stated objectives, including maximizing the value of the Fund's or Client Account's portfolio.

AMH Equity handles the administrative functions associated with the Limited Proxy Voting on investment matters for the Private Fund and the managed account. In all cases, AMH Equity will generally vote in accordance with the recommendations of management, unless AMH Equity has a reason to disagree with such recommendations.

AMH follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of the Funds. If it is determined that any such conflict or potential conflict is not material, AMH may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, AMH's CCO will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

If it is determined that a conflict of interest is material, one or more methods may be used to resolve the conflict, including: 1) disclosing the conflict to investors in the Private fund or managed account and obtaining their consent before voting; 2) abstaining from voting the proxy; or 3) such other method as is deemed appropriate under the circumstances given the nature of the conflict.

Clients may obtain a copy of AMH's Procedures and information about how it voted a client's proxies by contacting AMH, Sam Nebenzahl (Chief Compliance Officer) by email sam@leviticuspartners.com or by telephone at (212) 871-5700.

B. Currently, AMH has been delegated authority to vote all Private Fund and managed account securities.

ITEM 18: FINANCIAL INFORMATION

AMH is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.