INFUSE PARTNERS LP

A Delaware Limited Partnership

CONFIDENTIAL OFFERING MEMORANDUM

July, 2022

PRIVATE OFFERING OF LIMITED PARTNERSHIP INTERESTS

FOUNDERS' CLASS

(LIMITED DURATION OFFERING)

AND

STANDARD CLASS

Minimum Initial Subscription: $500,000
Minimum Additional Subscription: $50,000

Infuse GP LLC

615 Esplanade, Unit 102

Redondo Beach, California 90277

Phone: (310) 793-6794

THE LIMITED PARTNERSHIP INTERESTS (THE "***INTERESTS***") OF INFUSE PARTNERS L.P. (THE "***FUND***") HAVE NOT BEEN REGISTERED OR QUALIFIED FOR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION. THEY ARE OFFERED PURSUANT TO EXEMPTIONS FROM SUCH REGISTRATION OR QUALIFICATION. THIS CONFIDENTIAL OFFERING MEMORANDUM (THIS "***MEMORANDUM***") HAS NOT BEEN FILED WITH OR REVIEWED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "***SEC***") AND NEITHER THE SEC NOR ANY STATE SECURITIES ADMINISTRATOR OR REGULATORY AGENCY OF ANY OTHER JURISDICTION HAS PASSED UPON OR ENDORSED THE MERITS OF AN INVESTMENT IN THE FUND OR THE ACCURACY OR THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, INTERESTS IN THE FUND IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.

THIS MEMORANDUM IS GIVEN TO THE RECIPIENT SOLELY FOR THE PURPOSE OF EVALUATING AN INVESTMENT IN THE FUND. IT MAY NOT BE REPRODUCED OR DISTRIBUTED TO ANYONE ELSE (OTHER THAN THE PROFESSIONAL ADVISERS TO THE RECIPIENT). THE RECIPIENT AGREES TO RETURN THIS MEMORANDUM AND ALL RELATED DOCUMENTS TO INFUSE GP LLC (THE "***GENERAL PARTNER***") IF THE RECIPIENT DOES NOT SUBSCRIBE FOR AN INTEREST IN THE FUND.

The Memorandum relates to the offering (the "***Offering***") of two classes (each, a "***Class***") of the Fund's limited partnership interests: "***Founders' Class Interests***" and "***Standard Class Interests***". Together, Founders' Class Interests and Standard Class Interests are "***Interests***" of the Fund. The Interests are suitable only for sophisticated investors (a) who do not require immediate liquidity for their investments, (b) for whom an investment in the Fund does not constitute a complete investment program and (c) who fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, involve a substantial degree of risk. See "*Investment Program*" and *"Risk Factors*." The Offering is made only to certain qualified investors. See "*Qualification of Investors*." Prospective investors should carefully consider the material factors described in "*Risk Factors*," together with the other information appearing in this Memorandum, prior to purchasing any of the Interests offered hereby.

The Fund is not registered as an investment company under the Investment Company Act of 1940, as amended (the "***Investment Company Act***"), in reliance upon Section 3(c)(1) thereof. Infuse Asset Management LP (the "***Investment Manager***") is not currently required to be registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"), or under the laws of any other jurisdiction and it relies on an exemption available to 'private fund advisers" under California law from the requirement that it be certified as an investment adviser in that state.

Memorandum No. _____ **Recipient's Name: _____**

NOTICE

THE INTERESTS OFFERED BY THIS MEMORANDUM MAY BE TRANSFERRED **ONLY** WITH THE WRITTEN CONSENT OF THE GENERAL PARTNER AND ONLY AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE LAWS. FURTHER, WITHDRAWALS FROM THE FUND ARE SUBJECT TO SIGNIFICANT RESTRICTIONS. AS A RESULT, AN INVESTOR MUST BE IN A POSITION TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE FUND FOR A SIGNIFICANT PERIOD.

THE CONTENTS OF THIS MEMORANDUM DO NOT PROVIDE LEGAL, TAX, INVESTMENT OR OTHER ADVICE. EACH INVESTOR SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL, ACCOUNTANT AND FINANCIAL ADVISER AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE FUND.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE FUND, AND MAY NOT BE REPRODUCED, DISTRIBUTED OR USED FOR ANY OTHER PURPOSE. ANY DISTRIBUTION OF THIS MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, IS UNAUTHORIZED. NOTWITHSTANDING ANYTHING ELSE CONTAINED IN THIS MEMORANDUM, THE FUND'S PARTNERSHIP AGREEMENT (AS DEFINED BELOW) AND THE FUND'S SUBSCRIPTION AGREEMENT (THE "FUND DOCUMENTS"), A PROSPECTIVE INVESTOR OR LIMITED PARTNER MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE (AS SUCH TERMS ARE USED IN SECTIONS 6011, 6111 AND 6112 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") AND THE TREASURY REGULATIONS PROMULGATED THEREUNDER) OF ITS INVESTMENT IN THE FUND, ITS FORMER INVESTMENT IN THE FUND (IF THE LIMITED PARTNER HAS WITHDRAWN FROM THE FUND) AND ANY TRANSACTIONS ENTERED INTO BY THE FUND OR PURSUANT TO THE FUND DOCUMENTS, AND ALL MATERIALS OF ANY KIND (INCLUDING, WITHOUT LIMITATION, OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE PROSPECTIVE INVESTOR OR THE LIMITED PARTNER RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE; PROVIDED, THAT NEITHER THE PROSPECTIVE INVESTOR NOR THE LIMITED PARTNER SHALL DISCLOSE ANY INFORMATION FOR WHICH NONDISCLOSURE IS REASONABLY NECESSARY IN ORDER TO COMPLY WITH APPLICABLE LAW.

THE INFORMATION IN THIS MEMORANDUM IS GIVEN AS OF THE DATE ON THE COVER PAGE, AND INVESTORS MAY NOT INFER FROM EITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM OR ANY SALE OF INTERESTS THAT THERE HAS BEEN NO CHANGE IN THE FACTS DESCRIBED SINCE THAT DATE.

ALL PRIOR REPRESENTATIONS MADE AND INFORMATION RECEIVED IN RELATION TO THE FUND OR AN INVESTMENT IN THE FUND (INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS AND INFORMATION RECEIVED IN A PRESENTATION REGARDING THE FUND, THE INTERESTS, THE GENERAL PARTNER OR THE INVESTMENT MANAGER, OR ANY PRELIMINARY OR DRAFT CONFIDENTIAL OFFERING MEMORANDUM) ARE SUPERSEDED BY THE FUND DOCUMENTS. FACTUAL REPRESENTATIONS, OPINIONS OR PROMISES THAT ARE NOT SET FORTH IN THE FUND DOCUMENTS MAY NOT BE RELIED UPON IN DECIDING TO PURCHASE INTERESTS OR FOR ANY OTHER PURPOSE.

THE GENERAL PARTNER WILL PROVIDE THE RECIPIENT IDENTIFIED ON THE COVER OF THIS MEMORANDUM AND HIS OR HER AUTHORIZED REPRESENTATIVES WITH THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION CONCERNING THIS OFFERING TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH ADDITIONAL INFORMATION OR CAN OBTAIN IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM. NO OFFERING LITERATURE OR ADVERTISING IN WHATEVER FORM SHALL BE EMPLOYED IN THE OFFERING OF INTERESTS EXCEPT FOR THIS MEMORANDUM AND SUCH OTHER INFORMATION THAT IS PRODUCED OR DELIVERED BY THE GENERAL PARTNER OR THE INVESTMENT MANAGER, AND ANY REPRESENTATION OR INFORMATION NOT CONTAINED IN ANY OF THE FOREGOING DOCUMENTS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND, THE GENERAL PARTNER OR THE INVESTMENT MANAGER. AN INVESTMENT IN INTERESTS INVOLVES A SIGNIFICANT RISK OF LOSS. *SEE* "CERTAIN RISK FACTORS."

THIS MEMORANDUM CONTAINS A SUMMARY OF THE PARTNERSHIP AGREEMENT AND OF OTHER DOCUMENTS REFERRED TO HEREIN. HOWEVER, THE DISCUSSIONS SET FORTH IN THIS MEMORANDUM DO NOT PURPORT TO BE COMPLETE. THEY ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTNERSHIP AGREEMENT AND SUCH OTHER DOCUMENTS, COPIES OF WHICH ARE ANNEXED HERETO AND SHOULD BE REVIEWED FOR COMPLETE INFORMATION CONCERNING THE RIGHTS, PRIVILEGES AND OBLIGATIONS OF THE PARTNERS.

TREASURY DEPARTMENT CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS AND LIMITED PARTNERS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY PROSPECTIVE INVESTORS AND/OR LIMITED PARTNERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON PROSPECTIVE INVESTORS OR LIMITED PARTNERS UNDER THE CODE; (II) SUCH DISCUSSION IS INCLUDED HEREIN BY THE FUND IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE FUND OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) EACH PROSPECTIVE INVESTOR AND LIMITED PARTNER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

FOR RESIDENTS OF ALL STATES

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING, WITHOUT LIMITATION, THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE

ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

THE FOLLOWING LEGENDS APPLY TO THE EXTENT INTERESTS ARE OFFERED TO PERSONS IN THE STATES INDICATED

FLORIDA OFFEREES: THE SECURITIES BEING OFFERED HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION. IF SALES OF THESE SECURITIES ARE CONSUMMATED WITH FIVE OR MORE OFFEREES IN FLORIDA, ANY SUCH OFFEREE MAY, AT SUCH OFFEREE'S OPTION, VOID ANY PURCHASE HEREUNDER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE SPONSOR, AN AGENT OF THE SPONSOR OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER HE OR SHE RECEIVES THIS MEMORANDUM, WHICHEVER IS LATER.

GEORGIA OFFEREES: THESE SECURITIES HAVE BEEN ISSUED OR SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10-5-9 OF THE "GEORGIA SECURITIES ACT OF 1973" AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

PRIVACY NOTICE

BY COMPLETING THE SUBSCRIPTION AGREEMENT TO SUBSCRIBE FOR INTERESTS IN THE FUND, PROSPECTIVE INVESTORS WILL PROVIDE THE GENERAL PARTNER, THE INVESTMENT MANAGER, AND THE FUND WITH "NONPUBLIC PERSONAL INFORMATION" ABOUT THEMSELVES (INCLUDING FINANCIAL INFORMATION TO SUPPORT THEIR ASSERTIONS THAT THEY MEET THE FINANCIAL QUALIFICATIONS TO SUBSCRIBE). THE FUND, THE INVESTMENT MANAGER, AND THE GENERAL PARTNER WILL OBTAIN AND DEVELOP ADDITIONAL NON-PUBLIC PERSONAL INFORMATION ABOUT LIMITED PARTNERS (SUCH AS CAPITAL ACCOUNT BALANCES AND AMOUNTS AND DATES OF ADDITIONAL CAPITAL CONTRIBUTIONS AND WITHDRAWALS) AS A RESULT OF THEIR INVESTMENT IN THE FUND. THE FUND, THE INVESTMENT MANAGER, AND THE GENERAL PARTNER GENERALLY DO NOT DISCLOSE THIS INFORMATION TO THIRD PARTIES, OTHER THAN SERVICE PROVIDERS WHO MUST OBTAIN ACCESS TO THAT INFORMATION IN ORDER TO PERMIT THE FUND, THE GENERAL PARTNER AND THE INVESTMENT MANAGER TO CONDUCT THEIR AFFAIRS (*E.G.*, AUDITORS, ACCOUNTANTS, PRIME BROKERS, ATTORNEYS AND OTHER CONSULTANTS). THE FUND, THE INVESTMENT MANAGER, AND THE GENERAL PARTNER RESTRICT ACCESS TO SUCH INFORMATION INTERNALLY TO THOSE PERSONNEL WHO NEED THE INFORMATION IN ORDER TO CONDUCT THE FUND'S, THE GENERAL PARTNER'S AND THE INVESTMENT MANAGER'S BUSINESS. THE FUND, THE INVESTMENT MANAGER, AND THE GENERAL PARTNER GENERALLY OBTAIN CONTRACTUAL ASSURANCES FROM THIRD-PARTY SERVICE PROVIDERS WHEN THEY CONSIDER IT APPROPRIATE AND MAINTAIN SAFEGUARDS AT THEIR FACILITIES TO PROVIDE REASONABLE PROTECTION FOR THE CONFIDENTIALITY OF NONPUBLIC PERSONAL INFORMATION ABOUT LIMITED PARTNERS.

BY EXECUTING THE SUBSCRIPTION AGREEMENT, EACH PROSPECTIVE INVESTOR ACKNOWLEDGES THAT, WHILE THE GENERAL PARTNER, THE INVESTMENT MANAGER, AND THE FUND WILL USE THEIR BEST REASONABLE EFFORTS TO KEEP A PROSPECTIVE INVESTOR'S INVESTMENT IN THE FUND AND THE INFORMATION THAT PERSON PROVIDES CONFIDENTIAL, (I) THERE MAY BE CIRCUMSTANCES IN WHICH APPLICABLE LAW OR REGULATIONS RELATING TO COMBATING TERRORISM OR MONEY LAUNDERING MAY REQUIRE THE RELEASE OF NONPUBLIC PERSONAL INFORMATION TO LAW ENFORCEMENT OR REGULATORY OFFICIALS, (II) THE GENERAL PARTNER, THE INVESTMENT MANAGER, AND/OR THE FUND MAY PRESENT THE SUBSCRIPTION AGREEMENT AND/OR ANY NONPUBLIC PERSONAL INFORMATION TO REGULATORY BODIES OR OTHER PARTIES AS MAY BE APPROPRIATE TO ESTABLISH THE AVAILABILITY OF EXEMPTIONS FROM CERTAIN SECURITIES AND SIMILAR LAWS OR THE COMPLIANCE OF THE FUND, THE GENERAL PARTNER AND/OR THE INVESTMENT MANAGER WITH APPLICABLE LAWS AND (III) THE GENERAL PARTNER, THE INVESTMENT MANAGER, AND THE FUND MAY DISCLOSE THE SUBSCRIPTION AGREEMENT, THE INFORMATION INCLUDED THEREIN OR OTHER NONPUBLIC PERSONAL INFORMATION RELATING TO ANY LIMITED PARTNER'S INVESTMENT IN THE FUND WHEN REQUIRED BY JUDICIAL PROCESS OR, TO THE EXTENT PERMITTED UNDER APPLICABLE PRIVACY LAWS, TO THE EXTENT THEY CONSIDER THAT INFORMATION RELEVANT TO ANY ISSUE IN ANY ACTION, SUIT OR PROCEEDING TO WHICH THE GENERAL PARTNER, THE INVESTMENT MANAGER, OR THE FUND IS A PARTY OR BY WHICH IT IS OR MAY BE BOUND.

IF A LIMITED PARTNER HAS INSTRUCTED THE GENERAL PARTNER TO SEND DUPLICATE REPORTS TO THIRD PARTIES PURSUANT TO THE SUBSCRIPTION AGREEMENT, THE LIMITED PARTNER MAY REVOKE THOSE INSTRUCTIONS AT ANY TIME BY SENDING A WRITTEN NOTICE TO THE GENERAL PARTNER INDICATING THAT A PREVIOUSLY AUTHORIZED THIRD PARTY IS NO LONGER AUTHORIZED TO RECEIVE THE LIMITED PARTNER'S REPORTS.

Table of Contents

EXECUTIVE SUMMARY ii

SUMMARY OF THE OFFERING 1

DIRECTORY 7

INVESTMENT OBJECTIVE, STRATEGY AND POLICIES 8

MANAGEMENT 9

MANAGEMENT FEE, INCENTIVE REALLOCATION AND EXPENSES 11

CERTAIN RISK FACTORS 13

POTENTIAL CONFLICTS OF INTEREST 25

BROKERAGE, TRANSACTIONAL PRACTICES AND CUSTODY 27

WHO SHOULD INVEST; SUBSCRIPTIONS AND WITHDRAWALS 29

CERTAIN TAX CONSIDERATIONS 33

CERTAIN REGULATORY MATTERS 40

NET ASSET VALUE 41

SUMMARY OF THE PARTNERSHIP AGREEMENT 41

INVESTMENTS BY EMPLOYEE BENEFIT PLANS 47

PRIVACY OF PERSONAL DATA OF INVESTORS 49

ANTI-MONEY LAUNDERING REGULATIONS 51

ADDITIONAL INFORMATION 52

EXHIBITS

AGREEMENT OF LIMITED PARTNERSHIP — Exhibit A

SUBSCRIPTION AGREEMENT — Exhibit B

EXECUTIVE SUMMARY

The following executive summary is qualified in its entirety by the more detailed information set forth elsewhere in this Memorandum and the Limited Partnership Agreement (as the same may be amended, supplemented or revised from time to time, the "***Partnership Agreement***") of Infuse Partners LP, a Delaware limited partnership (the "***Fund***"), each of which should be reviewed carefully by each prospective investor before investing.

The Fund was organized as a Delaware limited partnership on May 4, 2022 to operate as a private investment partnership. The Fund seeks to achieve long-term capital appreciation by identifying fast-growing high-quality businesses primarily in the United States, but also throughout the world. The Fund's Investment Manager attempts to identify companies that are growing their underlying earnings power quickly and will have a focus on long positions, although it may engage in short strategies and utilize options in connection with its trading.

The Fund presently has two classes of limited partnership interests: "***Founders' Class Interests***" and "***Standard Class Interests***". The Founders' Class is open to initial investors in the Fund until limited partner contributions to the Fund equal ten million dollars ($10,000,000). Thereafter, the Fund will only accept subscriptions for Standard Class Interests.

Infuse GP LLC, a Delaware limited liability company, serves as the general partner (the "***General Partner***") of the Fund. Under the Partnership Agreement the General Partner is primarily responsible for the management of the Fund. The office of the General Partner is located at 615 Esplanade, Unit 102, Redondo Beach, California 90277 and its telephone number is 310-793-6794.

The General Partner has delegated the investment management responsibilities for the Fund to Infuse Asset Management LP, a Delaware limited partnership (the "***Investment Manager***"), and an affiliate of the General Partner. The Investment Manager is charged by the General Partner with the day-to-day investment of the Fund's capital. The controlling principal of the General Partner and the Investment Manager is Ryan Reeves (the "***Principal***").

The Fund is presently accepting subscriptions from a limited number of sophisticated investors (as described in "*Summary Of Key Terms*," below), generally in minimum amounts of not less than $500,000. The Fund will generally accept initial or additional capital contributions as of the first business day of any calendar month, or at any other time the General Partner chooses to accept such contributions.

Founders' Class Interests in the Fund will be subject to (i) a quarterly management fee, payable in arrears, equal to 0.25% (1.0% per annum) of such investor's capital account balance as of the end of such calendar quarter and (ii) an annual performance allocation equal to ten percent (10%) of each investor's ratable share of the Fund's profits as of the close of each calendar year, but only to the extent that such profits exceed such investor's "high water mark." The management fee will be reduced to 0.8% per year for any year in which the Fund's assets exceed $100 million.

Standard Class Interests in the Fund will be subject to (i) a quarterly management fee, payable in arrears, equal to 0.25% (1.0% per annum) of such investor's capital account balance as of the end of such calendar quarter and (ii) an annual performance allocation equal to twenty percent (20%) of each Standard Class investor's ratable share of the Fund's profits as of the close of each calendar year, but only to the extent that such profits exceed such investor's "high water mark." The management fee will be reduced to 0.8% per year for any year in which the Fund's assets exceed $100 million.

SUMMARY OF THE OFFERING

The following is only a summary of the information contained in this Memorandum and is qualified in its entirety by the remainder of this Memorandum and the attached exhibits. Prospective investors should carefully read this information, the Limited Partnership Agreement and the Subscription Agreement before making any investment decision and are encouraged to consult with their legal, financial, and tax advisers in order to fully understand the consequences of an investment in the Fund.

The Fund and the General Partner
See "Management"

Infuse Partners Fund LP (the "***Fund***"), is a Delaware limited partnership formed on May 4, 2022 and expects to commence trading operations on August 8, 2022. Infuse GP LLC, a Delaware limited liability company, is the Fund's sole general partner (the "***General Partner***"). Ryan Reeves (the "***Principal***") is the sole member of the General Partner. The Fund's Agreement of Limited Partnership (the "***Partnership Agreement***") is attached as **Exhibit A**.

Investment Manager
See "Management"

Infuse Asset Management LP acts as the investment manager (the *"**Investment Manager**"*) for the Fund. The Principal is the controlling member of the Investment Manager. The investment management agreement (the *"**Investment Management Agreement**"*) is attached as **Exhibit C**. The General Partner has delegated investment authority over the assets of the Fund to the Investment Manager. The Investment Manager is also a "Special Limited Partner" of the Fund (the "***Special Limited Partner***") solely to enable the Investment Manager to receive its Incentive Reallocation. The Investment Manager is not registered with the SEC or with the State of California as an investment adviser in reliance on an exemption from such registration available to investment advisers to qualifying private funds. See "*Management Fee, Incentive Reallocation and Expenses—Incentive Reallocation*".

Administrator
See "Management—The Administrator"

NAV Consulting, Inc. (the "***Administrator***" or "***NAV***")), provides certain administrative services for the Fund in accordance with an administration agreement concluded with the Fund (the "***Administration Agreement***"). The Administrator is paid its customary fees based on the nature and extent of the services provided by the Administrator to the Fund.

The Broker
See "Brokerage and Transactional Practices and Custody Arrangements"

Interactive Brokers LLC (the "***Broker***") provides the Fund with brokerage, custodial, clearing, and related services.

Brokerage Commissions

The General Partner does not currently intend to utilize "soft dollar" arrangements with respect to its trading for the Fund, but in the future, it may enter into one or more "soft dollar" arrangements with brokers that execute trades for the Fund's account but only in accordance with the "safe harbor" in Section 28(e) of the Securities Exchange Act of 1934, as amended (the "***1934 Act***"). Under these "soft dollar" arrangements, the broker would provide certain products and services (or arrange for and pay third parties to provide such products and services) based upon the volume of commissions generated by the Fund's trading activities. Subject to the General Partner's duty to obtain best execution, these arrangements may not result in the execution of trades at the lowest available commission rates. As a result of these arrangements, the Fund may pay higher commissions than would be the case in the absence of such arrangements. In all events, the General Partner will always seek to obtain best execution for the Fund's portfolio transactions. See "*Brokerage and Transactional Practices and Custody Arrangements*".

Investment Objective, Strategy and Policies
See "Investment Objective, Strategy and Policies" and "Certain Risk Factors"

The Fund seeks to achieve long-term capital appreciation by identifying fast-growing high-quality businesses primarily in the United States, but also throughout the world. The Investment Manager attempts to identify companies that are growing their underlying earnings power quickly and will have a focus on long positions, although it may engage in short strategies and utilize options in connection with its trading. The Fund may also maintain cash or cash-equivalent funds, or it may invest in governmental or municipal obligations, both within and outside the US. See *"Investment Objective, Strategy and Policies."*

THE FUND'S INVESTMENT PROGRAM ENTAILS SUBSTANTIAL RISKS AND THERE CAN BE NO ASSURANCE THAT ITS INVESTMENT OBJECTIVES WILL BE ACHIEVED. SEE "*CERTAIN RISK FACTORS*". THE USE OF LEVERAGE, OPTIONS TRADING AND OTHER INVESTMENT TECHNIQUES WHICH MAY BE EMPLOYED BY THE FUND FROM TIME TO TIME CAN, IN CERTAIN CIRCUMSTANCES, MAXIMIZE THE ADVERSE IMPACT OF ADVERSE MARKET CONDITIONS OR EVENTS TO WHICH THE FUND'S INVESTMENT PORTFOLIO MAY BE SUBJECT. THE INVESTMENT PROGRAM IS HIGHLY SPECULATIVE AND ENTAILS THE RISK OF LOSS OF AN ENTIRE INVESTMENT. SEE "*CERTAIN RISK FACTORS*."

The Offering
See "Who Should Invest; Subscriptions and Withdrawals"

The Fund is offering its limited partnership interests in two classes as further described in the following paragraph (the *"**Interests**"*) to a limited number of sophisticated individuals and entities who are both "accredited investors" within the meaning of Regulation D under the Securities Act and "qualified clients" as defined in Rule 205-3(d)(1) under the Investment Advisers Act of 1940 (the "***Advisers Act***"). The offering will continue until suspended or terminated by the General Partner and no maximum size of the offering is presently contemplated. The minimum initial capital contribution by a Limited Partner is $500,000 and the minimum additional capital contribution is $50,000. New Limited Partners in the Fund (together, the "***Limited Partners***") will be admitted as of the first Business Day of each calendar month (or at such other times as the General Partner may allow). The General Partner reserves the right to apply additional standards for admission to the Fund for new Limited Partners, and may in its sole and absolute discretion waive or reduce these requirements. A "***Business Day***" is any day on which the New York Stock Exchange is open for regular trading, and banks in New York, New York are open for business.

Investors will be permitted to subscribe for Founders' Class Interests and Standard Class Interests. All Interests have identical terms other than (a) Founders' Class Interests will be assessed an annual 10% Performance Allocation; and (b) Standard Class Interests will be assessed an annual 20% Performance Allocation. The Founders' Class is open to initial investors in the Fund until limited partner contributions to the Fund equal ten million dollars ($10,000,000). Thereafter, the Fund will only accept subscriptions for Standard Class Interests.

The holder of Founders' Class Interests is a "***Founders' Class Limited Partner***," and the holder of Standard Class Interests is a "***Standard Class Limited Partner***," and when used in this Memorandum, the term "***Limited Partner***" refers collectively to Founders' Class Limited Partners and Standard Class Limited Partners.

The General Partner may establish other classes and series of interests in the Partnership with rights, terms and protections that differ from those set forth herein.

Liquidity
See "Who Should Invest; Subscriptions and Withdrawals"

Subject to the minimum withdrawal requirements described below, each Limited Partner may generally withdraw some or all of the value relating to a capital contribution for Interests valued as of the last Business Day of each calendar quarter (each, a *"**Withdrawal Date***").

Withdrawals require at least **thirty (30) days'** prior written notice to the Fund. For the purpose of determining the net asset value of a Limited Partner's Interest, all withdrawals shall be deemed made as of the applicable Withdrawal Date.

Partial Withdrawals. The General Partner, in its sole and absolute discretion, may treat a request by a Limited Partner for the partial withdrawal of such Limited Partner's Interest that would result in the aggregate value of the withdrawing Limited Partner's Interest being less than $50,000 as a request for the withdrawal of all of such Limited Partner's Interest.

The General Partner may suspend the determination of net asset value, withdrawals, capital contributions and the payment of withdrawal proceeds in certain circumstances. See *"Who Should Invest; Subscriptions and Withdrawals—Suspension of Determination of Net Asset Value and Withdrawals, etc."*

The dates for payment of withdrawal proceeds shall be determined by the General Partner in its sole and absolute discretion, and a withdrawing Limited Partner shall be notified of the intended date of payment as soon as practicable following the applicable Withdrawal Date; provided, the General Partner shall retain the powers to suspend the determination of net asset value, withdrawals, capital contributions and/or the payment of withdrawal proceeds through (and including) the intended date of payment.

Withdrawal proceeds generally will be paid in U.S. Dollars, although the General Partner, in its sole and absolute discretion, may pay all or a portion of the amount withdrawn in kind. In the event that the General Partner pays withdrawal proceeds in kind, the General Partner shall determine the value of such in kind payments in the manner set forth in this Memorandum. A withdrawal request, once submitted, may not be rescinded without the consent of the General Partner.

The General Partner may compulsorily withdraw all or any part of a Limited Partner's Interest at any time for any reason or for no reason, upon not less than **one (1) calendar days'** written notice to such Limited Partner.

The General Partner may, in its sole and absolute discretion, waive, reduce or vary any notice periods or minimum amounts relating to withdrawals, subject to such limitations as provided in the Partnership Agreement.

Management Fee and Incentive Reallocation
See "Management and Fee, Incentive Reallocation and Expenses"

Pursuant to the Investment Management Agreement, the Fund will pay to the Investment Manager, with respect to each Limited Partner, a quarterly management fee (the "***Management Fee***") equal to 0.25% of the Limited Partner's Net Assets on the first business day of the quarter (1% per year). Under the terms of the Partnership Agreement, the Investment Manager (as Special Limited Partner) will also receive 20% of any New Trading Profits attributable to each Standard Class Limited Partnership Interest in the Fund and 10% of any New Trading Profits attributable to each Founders' Class Limited Partnership Interest in the Fund, by means of an incentive reallocation respectively equal to 20% or 10% of the annual New Trading Profits attributable to each Standard Class or Founders' Class Limited Partner's Interest in the Fund (the "***Incentive Reallocation***"), in each case subject to a cumulative high-water mark, so that

previous losses in an account must be recouped before an additional Incentive Reallocation is payable. The Incentive Reallocation will be calculated on a calendar year basis and will be subject to a hard hurdle rate of 7.0%. The amount of the Incentive Reallocation generally will be reallocated from each Limited Partner's capital account to the capital account of the Investment Manager (as Special Limited Partner) as of the last Business Day of each year or when a Limited Partner withdraws all or part of its capital contribution from the Fund. See "*Management Fee, Performance Reallocation and Expenses*".

The Investment Manager intends to reduce its Management Fee payable both by Founders' Class Interests and Standard Class Interests to 0.8% for any year during which the net asset value of the Fund exceeds $100 million.

Operating and Organizational Expenses
See "Management Fee, Incentive Reallocation and Expenses"

The Fund is responsible for paying all of its ordinary operating expenses, subject to the Annual Expense Cap described below. These expenses include, among other things, fees and expenses of third-party administrators, brokerage commissions, interest on margin and other borrowings, borrowing charges on securities sold short, custodial fees, legal, accounting and audit fees and expenses, tax-preparation fees, governmental fees and taxes, costs of Fund governance activities (such as obtaining Limited Partner consents if and when necessary and appropriate) and all other reasonable expenses related to the management and operation of the Fund and/or the purchase, sale or transmittal of the Fund's assets, as the General Partner determines in its sole and absolute discretion, as subject to the Partnership Agreement.

The Fund's operating and extraordinary expenses generally will be shared by all of the Partners (except the Special Limited Partner) pro rata in accordance with the net asset value of their Interests.

The Fund's operating expenses in excess of 0.20% of the beginning net asset value of the Fund (the "***Annual Expense Cap***") in any calendar year will be borne by the Investment Manager. In calculating the General Partner's reimbursement for organizational expenses and the operating expenses borne by the Limited Partners subject to the Annual Expense Cap, the General Partner may accrue on a quarterly basis certain expenses that are incurred annually by the Fund. To the extent that the Fund's organizational and offering expenses do not exceed the Annual Expense Cap, they will be amortized over the first 36 months of the Fund's trading operations.

The Fund will bear its own taxes and extraordinary expenses, such as expenses related to litigation, but the General Partner does not anticipate any such extraordinary expenses.

The General Partner and Investment Manager will pay their own general overhead expenses, such as the rent of their offices, compensation and benefits of their staff, maintenance of books and records, fixed expenses, telephone and general-purpose office equipment, travel, and research expenses, unless they are paid under "soft dollar" arrangements as permitted in Section 28(e) of the Securities Exchange Act of 1934 as amended.

Allocations and Distributions
See "Summary of the Partnership Agreement — Allocation of Net Profit and Net Loss —

Net Profits and Net Losses (unrealized as well as realized) for each month (or a shorter period in certain circumstances) will be allocated in proportion to each Limited Partner's Interest. As described above, the Fund will make an annual Incentive Reallocation to the Special Limited Partner equal to 20% of the New Trading Profits earned in the calendar year and attributable to each Standard Class Limited Partnership Interest and equal to 10% of New Trading Profits attributable

Distributions" to each Founders' Class Limited Partnership Interest.

The Fund generally will not make distributions other than upon withdrawals (although the General Partner is empowered to do so in its discretion). To obtain cash from the Fund (*e.g.*, to pay taxes arising out of profits allocated to a Limited Partner), Limited Partners must request a partial withdrawal.

Allocation of Taxable Income and Loss
See "Certain Tax Considerations"

Taxable income, gain, or loss can be expected to differ in any particular period from the Fund's Net Profit or Net Loss primarily because unrealized gains and losses generally are not included for federal income tax purposes but are generally included in calculating Net Profit or Net Loss. It is possible that sales of appreciated securities in a particular period could cause some Limited Partners to have taxable gain for that period at the same time that unrealized losses result in a Net Loss for the Fund. All items of taxable income, gain, loss, deduction and credit will be allocated among the Partners at the end of each calendar year. The Fund will generally allocate these items in a manner generally consistent with the economic effects of the allocations of Net Profit and Net Loss.

New Issues

Under the General Partner's current policy, net profit or net loss from "***New Issues***" (as defined in Rule 5130 of the Financial Industry Regulatory Authority (the "***New Issues Rule***")) will be allocated to all Limited Partners, provided, that, Limited Partners that are "restricted persons" under the New Issues Rule (or who have elected to be treated as such) (the "***Rule 5130 Restricted Partners***") will be limited in their participation in the profits and losses attributable to New Issues to the lesser of such Restricted Partners' collective interest in the Partnership or 10% (or any other permissible amount under any amendment, supplement or interpretation to the New Issues Rule) and Limited Partners that are "covered persons" (generally, certain executive officers or directors of a public company or a covered non-public company, or persons materially supported by such executive officer or directors) under Rule 5131 of the Financial Industry Regulatory Authority (the "***Anti-Spinning Rule***") (or who have elected to be treated as such) (the "***Rule 5131 Restricted Partners***") will be limited in their participation in the profits and losses attributable to New Issues to the lesser of such Restricted Partners' collective interest in the Partnership or 25% (or any other permissible amount under any amendment, supplement or interpretation to the Anti-Spinning Rule). Absent an available exemption under the New Issues Rule or Anti-Spinning Rule, as applicable, for purposes of allocating profits and losses from New Issues to a Limited Partner that is an entity (such as an investment fund, corporation, partnership or trust), such entity will be considered a Rule 5130 Restricted Partner or Rule 5131 Restricted Partner, as applicable, if such entity allocates profits and losses from New Issues to any of its restricted beneficial owners. The General Partner reserves the right to vary its policy with respect to the allocation of New Issues as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, the New Issues Rule or the Anti-Spinning Rule and practical considerations, including administrative burdens and principles of fairness and equity.

Other Activities of the General Partner and Investment Manager
See "Potential Conflicts of Interest"

The Investment Manager may provide investment advisory services to other clients and each of the General Partner and the Investment Manager and their affiliates may invest for his or its own account. Such other clients and affiliates of the General Partner and Investment Manager (together, "***Other Accounts***") may invest in the same securities as the Fund and may do so at the same time or at different times and different prices, depending on such Other Accounts' investment objectives, available cash, and other factors. Neither the General Partner nor any affiliate of the General Partner (including the Investment Manager) has any obligation to present any particular investment opportunity to the Fund. It will be

the policy of the Investment Manager to allocate investment opportunities to the Fund and to any Other Accounts fairly, to the extent practical and in accordance with the Fund's or Other Accounts' applicable investment strategies, over a period of time. SEE "*Potential Conflicts Of Interest—Transaction And Investment Opportunities* and *--Order Aggregation And Average Pricing*."

Term
See "Summary of the Partnership Agreement"

The Fund will terminate at the election of the General Partner or upon the happening of certain events specified in the Partnership Agreement. In the event that Mr. Reeves ceases to manage the affairs of the Fund as a result of his death or disability, the Fund will be wound down and dissolved as provided in the Partnership Agreement.

Additional Classes of Interest; Use of Side Letters
See "Summary of the Partnership Agreement"

The Fund currently has two classes of Limited Partnership Interest: Founders' Class Interests and Standard Class Interests. The General Partner has the power to create and establish other classes of Interests (each, a "Class" and, together with any other classes issued in the future, "***Classes***") having such relative rights, powers and duties as may from time to time be established by the General Partner, with the consent of the Limited Partners. Such other Classes may provide certain Limited Partner(s) with additional or different rights (e.g., reduced fee or expense obligations, performance allocations, minimum investment amounts, expanded access to information, or the ability to withdraw amounts on shorter notice or at different times) than such Limited Partner(s) would otherwise have pursuant to this Memorandum and the Partnership Agreement. The General Partner may make use of side letters in its discretion from time to time.

In general, subject to the voting rights of the Interests as to Voting Events (as defined below) and the voting rights, if any, of the other Interests, neither the Fund, the General Partner nor the Investment Manager will be required to notify the Limited Partners of the creation of any additional Class, the issuance of a side letter to any investor, or any of the rights and terms or provisions in connection with the same, nor will the General Partner or the Investment Manager be required to offer such additional or different rights and terms to any or all of the other Limited Partners. The other Limited Partners will have no recourse against the Fund, the General Partner, the Investment Manager or any of their respective affiliates in the event certain Limited Partners receive additional or different rights and terms as a result of such additional Classes or the issuance of side letters.

The General Partner has the right from time to time to amend, supplement or otherwise modify the Partnership Agreement, without the consent or other approval of the Limited Partners, to reflect the terms and conditions applicable to each of the additional Classes, provided that the rights of any existing Class of Limited Partners are not materially impaired relative to the rights of any additional Class of Limited Partners by such amendment.

Fiscal Year

The Fund has a December 31 fiscal year.

Reports
See "Summary of the Partnership Agreement"

Each Limited Partner will receive annual audited financial statements of the Fund and unaudited quarterly statements of the Fund's performance plus copies of his or her Schedule K-1 to the Fund's tax return.

Definitions

Certain capitalized terms used in this Memorandum are defined under the caption "Definitions" in Article XV of the Partnership Agreement.

DIRECTORY

General Partner	Infuse GP LLC 615 Esplanade, Unite 102 Redondo Beach, California 90277 Attention: Ryan Reeves Telephone: (310) 793-6794 Email: ryan@infuse-am.com
Investment Manager	Infuse Asset Management LP 615 Esplanade, Unit 102 Redondo Beach, California 90277 Telephone: (310) 793-6794 Email: ryan@infuse-am.com
Independent Auditor	Spicer Jefferies LLP 4601 DTC Boulevard, Suite 700 Denver, Colorado Telephone: (303) 753-1959
Administrator	NAV Consulting, Inc. 1 Trans Am Plaza Drive, Suite 400 Oakbrook Terrace, Illinois 60181 Telephone: (630) 954-1919 and 1 (345) 946-5006 Facsimile: (630) 596-8555, 1 (345) 946-5007 and (630) 954-2881 Email: Transfer.agency@navconsulting.net
Broker	Interactive Brokers LLC One Pickwick Plaza, 2nd floor Greenwich, Connecticut 06830 Telephone: (877) 442-2757
Counsel to the General Partner	Law Office of John P. Ziaukas 100 Wilshire Boulevard, Suite 700 Santa Monica, California 90401 Telephone: (310) 917-1080 Facsimile: (424) 317-9270 Email: jpz@jpzlaw.com

INVESTMENT OBJECTIVE, STRATEGY AND POLICIES

Investment Objective and Strategy

The Fund seeks as its principal investment objective to achieve long-term capital appreciation by identifying fast-growing high-quality businesses primarily in the United States but also throughout the world. The Investment Manager intends to pursue this objective for the Fund primarily by attempting to identify companies that are growing their underlying earnings power quickly. Valuations for such companies can be high, and so the Investment Manager analyzes the competition and market structure for such target companies because the durability of growth is important to the Investment Manager in making a decision whether to invest. The Investment Manager also assesses a company's culture and management in evaluating the company. In summary, the Investment Manager believes that good investing consists of purchasing fast-growing, high-quality businesses for appropriate valuations. In general, the Investment Manager seeks to hold investments for as long a time as possible in order for it to take advantage of growth compounding over time. At the same time, the Investment Manager frequently reviews the strengths of the companies in the Fund's portfolio against one another and against the universe of other companies with rapidly-growing earnings.

Investment Policies

The Fund will not engage in unhedged shorting and will not generally participate in short-term trading to manage volatility, except that the Fund may manage volatility in certain edge cases, for example, by purchasing a small number of puts if the Investment Manager believes the Fund's portfolio is temporarily overvalued. The Fund will not be subject to any maximum position sizes or maximum amount of cash to be held; nor will it be subject to any net exposure targets. The Fund is likely to be concentrated in the number of securities it owns at any time.

Leverage

The Fund may borrow at any time using margin accounts or other forms of secured or unsecured debt. In most circumstances, the Investment Manager anticipates that the Fund's leverage would ordinarily be small or nonexistent. However, where in the Investment Manager's judgment he is confident and feels it is prudent to do so, the Fund may borrow up to _20_% of its net asset value.

Other Considerations

The discussion above reflects the Investment Manager's investment philosophy, strategy, and expectations as of the date of this Memorandum as to the focus, techniques and activities of the Fund. The Partnership Agreement and the Investment Management Agreement do not impose any limits on the types of securities or other instruments in which the Fund may invest, the types of positions the Fund may take, the concentration of its investments by sector, industry, fund, country, class or otherwise and so the Manager's discretion is substantially unrestricted. The Investment Manager intends to manage the Fund as described above in this mandate, but is permitted, in consultation with the General Partner, to modify the mandate in its discretion when the Investment Manager and General Partner believe the modification is in the best interest of the Fund. In pursuit of its investment objective, the Fund may invest in, hold, sell, sell short, trade (on margin or otherwise), and otherwise deal in the equity securities of U.S. and foreign companies and other financial instruments without limitation. Financial instruments in which the Fund may invest include, but are not limited to securities, bonds (convertible and nonconvertible), other fixed-income investments, and derivative instruments such as options. These securities and financial instruments will generally be traded publicly but the Fund may hold some relatively illiquid positions. The Fund may buy securities and financial instruments on margin or use other leverage techniques. The Fund may buy, sell, write, and trade options and other derivative instruments (both publicly traded and over-the-counter instruments; both covered and uncovered) on securities and narrow-based securities indices. For the avoidance of doubt, the Fund may invest a portion of its assets in securities for which there is no ready market or in securities that may not be immediately resold, as described in this mandate. It may engage in

these activities for hedging purposes, as an alternative to owning (or selling short) a particular security or group of securities, or for other purposes incidental to the Fund's other investment activities.

Possible Master-Feeder or Mini Master-Feeder Structure in the Future

In the future, the General Partner or affiliated entities may sponsor the formation of an offshore company (the "***Offshore Feeder***") which will offer its interests primarily to non-U.S. individuals and U.S. tax-exempt entities. In such event, the Fund, together with the Offshore Feeder (when and if established), will place all or substantially all of its assets in, and conduct its investment activities primarily through, a master fund structured as an offshore company or limited partnership (the "***Master Fund***") utilizing a "Master-Feeder" structure or the Partnership itself may serve as a master fund for the Offshore Feeder in a "mini master-feeder" structure. When and if such events occur, the General Partner, the Investment Manager or an affiliate will serve as the investment manager to the Offshore Feeder and the Master Fund and will conduct the investment activities of the Master Fund, managing its day-to-day activities. The Partnership and the Offshore Feeder would participate on a pro rata basis in the profits and losses of the Master Fund and would bear a pro rata portion of all expenses of the Master Fund based on the net asset value of their respective interests in the Master Fund. The purpose of establishing the Master Fund or for causing the Partnership itself to serve as the master fund for the Offshore Feeder in a "mini master-feeder" structure is to achieve investment and administrative efficiencies.

****

The Fund's trading methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Fund's trading strategies may differ from those used by the Investment Manager and its affiliates with respect to other accounts they may manage in the future. Trading decisions require the exercise of judgment by the Investment Manager. The Investment Manager may, at times, decide not to make certain trades, thereby foregoing participation in price movements that would have yielded profits or avoided losses. Limited Partners cannot be assured that the strategies or methods utilized by the Investment Manager will result in profitable trading for the Fund. The investment strategies and investment limitations set forth above may be changed in the Investment Manager's discretion.

THE FUND'S INVESTMENT PROGRAM ENTAILS SUBSTANTIAL RISKS AND THERE CAN BE NO ASSURANCE THAT ITS INVESTMENT OBJECTIVES WILL BE ACHIEVED. SEE "*CERTAIN RISK FACTORS*". THE PRACTICES OF SHORT SELLING, USE OF LEVERAGE, OPTIONS TRADING AND OTHER INVESTMENT TECHNIQUES WHICH MAY BE EMPLOYED BY THE FUND FROM TIME TO TIME CAN, IN CERTAIN CIRCUMSTANCES, MAXIMIZE THE ADVERSE IMPACT OF ADVERSE MARKET CONDITIONS OR EVENTS TO WHICH THE FUND'S INVESTMENT PORTFOLIO MAY BE SUBJECT. THE INVESTMENT PROGRAM IS HIGHLY SPECULATIVE AND ENTAILS THE RISK OF LOSS OF AN ENTIRE INVESTMENT.

There can be no assurances that the Fund's investment objective will be achieved.

MANAGEMENT

Infuse GP LLC, a Delaware limited liability company, is the sole general partner of the Fund. Infuse Asset Management LP, a Delaware limited partnership, acts as Investment Manager of the Fund and, as such, will make all investment decisions on behalf of the Fund. Ryan Reeves is the sole member and Managing Director of Infuse GP LLC. The general partner and majority owner of the Investment Manager is Investing City Inc., a California corporation wholly-owned by Mr. Reeves.

Infuse Asset Management LP is not registered with the Securities and Exchange Commission as an investment adviser and is exempt from the California investment adviser certification requirement otherwise applicable to it because it is a private fund adviser and the Fund is a qualifying private fund that is a retail

buyer fund within the meaning of 10 CCR §260.204.9 and Infuse GP LLC intends to manage the Fund in accordance with the requirements of that regulation or .

Ryan Reeves

Mr. Reeves, as the controlling principal of the Investment Manager, will serve as the portfolio manager for the Fund. Having bought his first stock at 12 years old, Mr. Reeves became obsessed with studying businesses. In college he worked as an analyst at the Motley Fool. Mr. Reeves graduated with a Bachelor of Science in Business Administration from Pepperdine University, which he attended from 2015 to 2018. After that, he was as an associate for DX2 Capital Management, a New York City-based hedge fund. Then, he launched Investing City Inc., an investment research business, serving retail investors and family offices.

Dell Wijesundera

Mr. Wijesundera leads operations for Infuse. Mr. Wijesundera was an Investment Team Intern for Sequoia Heritage, a $14B private investment partnership, where he led research in renewables. He was also an Enterprise Product Strategy Intern for Apple and a U.S. Product Innovation & A.I. Intern for Walmart.

Mr. Wijesundera received a BS in Economics from Brigham Young University and is a Stanford GSB Deferred MBA Admit.

The Administrator

NAV Consulting, Inc. (the "***Administrator***" or "***NAV***") has been engaged as the administrator of the Fund pursuant to a Service Agreement entered into with the Fund (the "***Administration Agreement***"). The Administrator is responsible for, among other things, calculating the Fund's net asset value, performing certain other accounting, back-office, data processing, processing subscriptions, redemptions and transfer activities of Investors in the Fund, certain anti-money laundering functions and related administrative services.

The Administration Agreement provides that the Administrator shall not be liable to the Fund, any investor or any other person in absence of finding of willful misconduct, gross negligence, or fraud on the part of NAV. Furthermore, the Fund shall indemnify and hold harmless the Administrator, its affiliates, and their respective officers, directors, shareholders, employees, agents and representatives (collectively, the "***NAV Parties***") from and against any liability, damages, claims, loss, cost or expense, including, without limitation, reasonable legal fees and expenses (individually, "***Loss***" and collectively, "***Losses***") arising from, related to, or in connection with the services provided to the Fund pursuant to the Administration Agreement, unless any such Losses are the direct result of the willful misconduct, gross negligence or fraud of NAV. In no event shall NAV have any liability to the Fund, any investor or any other person or entity which seeks to recover alleged damages or losses in excess of the fees paid to NAV by the Fund in the one year preceding the occurrence of any loss, nor shall NAV be liable for any indirect, incidental, consequential, collateral, exemplary or punitive damages, including lost profits, revenue or data, regardless of the form of the action or the theory of recovery, even if NAV has been advised of the possibility of such damages or such damages were foreseeable. Any claim brought against NAV in connection with the Administration Agreement will be barred unless it is initiated within one year of the earlier of the disclosure of the event which is the subject of such claim or the date that the party advancing such claim knew or could with due inquiry have known of such event.

NAV shall not be liable to the Fund, any investor or any other person for the actions or omissions of any agent, contractor, consultant or other third party performing any portion of the services under the Administration Agreement absent a finding of gross negligence or fraud on the part of NAV in appointing such agent, contractor, consultant or other third party.

NAV shall not be liable to the Fund, any investor or any other person for actions or omissions made in reliance on instructions from the Fund or advice of legal counsel.

The services provided by NAV are purely administrative in nature. NAV has no responsibilities or obligations other than the services specifically listed in the Administration Agreement. No assumed or

implied legal or fiduciary duties or services are accepted by or shall be asserted against NAV. NAV does not provide tax, legal or investment advice. NAV has no duty to communicate with Investors other than as set forth in Exhibit A of the Administration Agreement. NAV does not have custody of Fund's assets, it does not verify the existence of, nor does it perform any due diligence on the Fund's underlying investments, including, investments in or via related or affiliated entities. In connection with the payment processing functions, NAV shall not be responsible for performance of the due diligence on payment recipients other

than in connection with payments for Investors' withdrawals from the Fund, which are subject to anti-money laundering review functions of the services.

The Administration Agreement also provides that it is the obligation of the Fund's management, and not of NAV, to review, monitor or otherwise ensure compliance by the Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Fund's offering documents, including, without limitation, with its valuation policy or the Fund's stated investment strategy, and with laws and regulations applicable to its activities. The Fund's management's responsibility for the management of the Fund, including without limitation, the valuation of the Fund's assets and liabilities, including, defining and maintaining the valuation policy and for fair valuing the Fund's assets, the oversight of the services provided by NAV and the review of work product delivered by NAV shall not be affected by or limited by any of the services provided by NAV.

The Administration Agreement provides that NAV is entitled to rely on any information, including valuation information, received by NAV from the Fund, the Fund's management or other parties, including without limitation, broker-dealers and data vendors, without independent verification, audit, review, inquiry, or performing other due diligence and NAV shall not be liable to the Fund, any Investor or any other persons for losses suffered as a result of NAV relying on incorrect information. NAV has no responsibility to review, independently value, verify, compare to other pricing sources or otherwise perform due diligence on the valuation information. NAV may accept such information as accurate and complete without independent verification. Furthermore, NAV shall not be liable to the Fund, any Investor or any other person for any loss incurred as a result of an error or inaccuracy of any valuation information received from the Fund or from any pricing or valuation service or data service provider or delay, interruption in service or failure to perform of any pricing or valuation service or data service provider used by NAV.

The Administration Agreement provides that the services, including the anti-money laundering services provided by NAV, do not encompass monitoring of Fund's trading activity for the purposes of detecting or preventing money laundering. NAV Consulting, Inc. is not responsible for monitoring transactions effected by the Fund's management to ensure compliance with the applicable AML laws and regulations. NAV Consulting, Inc. does not monitor Fund's trading activities for the purposes of assuring compliance with OFAC Sanctions programs.

The information on investor statements and other reports produced by NAV shall not be considered an offer to sell or a solicitation of an offer to purchase any interest in the Fund, nor may it be used to induce or recommend the purchase or holding of any interest in the Fund.

The Administration Agreement bars non-parties from asserting third party beneficiary claims against NAV.

The Fund pays NAV fees out of the Fund's assets, generally based upon the size of the Fund, in accordance with NAV's standard schedule for providing similar services, subject to a monthly minimum.

MANAGEMENT FEE, INCENTIVE REALLOCATION AND EXPENSES

Management Fee

Pursuant to the Investment Management Agreement, the Fund will pay to the Investment Manager, with respect to each Limited Partner, a quarterly management fee (the "***Management Fee***") equal to 0.25% of the Limited Partner's Net Assets on the first business day of the quarter (1% per year). The Investment Manager will reduce its Management Fee for both Founders' Class Interests and Standard Class Interests to 0.8% per year for any year during which the net asset value of the Fund exceeds $100 million.

The Management Fee will be prorated for amounts invested for any quarter during which the Investment Manager does not serve as the investment manager of the Fund for the entire quarter. Accordingly, in the event where the Investment Manager does not serve as the investment manager of the Fund for the entire

quarter, the Investment Manager will refund a pro rata portion of the Management Fee for such quarter to the relevant Limited Partner(s), in each case without interest. However, no part of the Management Fee will be refunded in the event that the General Partner allows a Limited Partner to withdraw value from its capital account on a date other than a Withdrawal Date. Where the Investment Manager commences its services on a day other than the first day of a calendar quarter, for purposes of its first quarterly Management Fee, the date of commencement will be treated as the first day of the quarter, pro rated for the number of days for which the Investment Manager provided its services to the Fund, for purposes of calculating the Management Fee.

Incentive Reallocation

Under the terms of the Partnership Agreement, the Investment Manager will receive 20% of any New Trading Profits attributable to each Standard Class Limited Partnership Interest in the Fund and 10% of any New Trading Profits attributable to each Founders' Class Limited Partnership Interest in the Fund, by means of an incentive reallocation equal to 20% or 10% of the annual New Trading Profits attributable to each respective Limited Partner's Interest (the "***Incentive Reallocation***"). The Incentive Reallocation will be calculated on a calendar year basis and will be subject to a hard annual hurdle rate of 7.0%.

The amount of the Incentive Reallocation generally will be reallocated from each Limited Partner's capital account to the capital account of the Investment Manager (in its capacity as Special Limited Partner) as of the last day of each year or when a Limited Partner withdraws all or part of its capital from the Fund.

New Trading Profit for any calendar year, or portion of a year, is the net profits, if any, from the Fund's trading through the end of such period, after subtraction of brokerage commissions (including accrued commissions on open positions) and other transactional charges, but no other fees or expenses (including Management Fees). New Trading Profit includes both realized and unrealized profits. The Fund will not reallocate the Incentive Reallocation away from the Investment Manager in the event of subsequent losses of the Fund, including losses resulting from the reduction or total loss of any open trade equity that may have been the basis for previous Incentive Reallocations to the Investment Manager; however, any losses attributable to a Limited Partner from prior periods are subject to a cumulative "high-water mark"; that is, those losses from prior periods must be recouped before New Trading Profit subject to an Incentive Reallocation can be generated in a given period. If a Limited Partner has a loss carryforward when its Limited Partner Interest is redeemed in part, that loss will be proportionately reduced for purposes of determining whether the Fund has subsequently generated New Trading Profit. See "*Summary of Limited Partnership Agreement—Incentive Reallocation to General Partner*".

The General Partner may in its discretion waive or rebate to certain Limited Partners all or any portion of the Management Fees or Incentive Reallocations the Investment Manager receives from the Fund with respect to such Limited Partner, including with affiliates of the Investment Manager. Any such waiver or rebate will have no negative impact on other Limited Partners and will not entitle other Limited Partners to a fee waiver or rebate.

Organizational, Operating and Other Expenses and Annual Expense Cap

The Fund is responsible for paying all of its ordinary operating expenses, subject to the Annual Expense Cap described below. These expenses include, among other things, fees and expenses of third-party administrators, brokerage commissions, interest on margin and other borrowings, borrowing charges on securities sold short, custodial fees, legal, accounting and audit fees and expenses, tax-preparation fees, governmental fees and taxes, costs of Fund governance activities (such as obtaining Limited Partner consents if and when necessary and appropriate) and all other reasonable expenses related to the management and operation of the Fund and/or the purchase, sale or transmittal of the Fund's assets, as the General Partner determines in its sole and absolute discretion, as subject to the Partnership Agreement.

The Fund's operating and other expenses generally will be shared by all of the Limited Partners (except the Special Limited Partner) pro rata in accordance with the net asset value of their Interests.

The General Partner will initially pay the Fund's organizational expenses. Such expenses will be reimbursed by the Fund to the General Partner in equal installments over the first thirty-six months of the Fund's operations to the extent they do not exceed the Annual Expense Cap. The Fund's operating expenses in any calendar year in excess of 0.20% of the net asset value of the Fund on the first day of that calendar year (the "***Annual Expense Cap***") will be borne by the Investment Manager. In calculating the General Partner's reimbursement and the expenses borne by the Limited Partners subject to the expense cap, the General Partner may accrue on a quarterly basis certain expenses that are incurred annually by the Fund.

The Fund will bear its own taxes and extraordinary expenses, such as expenses related to litigation, but the General Partner does not anticipate any such extraordinary expenses.

The General Partner and Investment Manager will pay their own general overhead expenses, such as the rent of their offices, compensation and benefits of their staff, maintenance of books and records, fixed expenses, telephone and general-purpose office equipment, travel, and research expenses, unless they are paid under "soft dollar" arrangements as permitted in Section 28(e) of the Securities Exchange Act of 1934 as amended.

CERTAIN RISK FACTORS

An investment in the Fund involves significant risks. Some of those risks are summarized below. Some are discussed more fully elsewhere in this Memorandum. Prospective investors should carefully consider all of the risks discussed below and should consult their own legal, tax, and financial advisers about these risks and an investment in the Fund generally. **THE INVESTMENT PROGRAM IS HIGHLY SPECULATIVE AND ENTAILS THE RISK OF LOSS OF AN ENTIRE INVESTMENT.**

GENERAL

Risk of Loss. An investment in the Fund is highly speculative and involves significant risk. The profitability of the Fund depends upon the Investment Manager correctly assessing the future price movements of the securities and other financial instruments in which the Fund invests. These price movements may be volatile and are subject to numerous factors which are neither within the control of nor predictable by the Investment Manager. Such factors include, without limitation, a wide range of economic, political, competitive, market, legal, operational and other conditions or events (including, without limitation, pandemics and epidemics, natural disasters, acts of terrorism or war) which may affect investments in general or a specific security, or other financial instrument in which the Fund invests. There can be no assurance that the Investment Manager will be successful in accurately predicting price movements. Accordingly, Limited Partners may incur substantial losses on their investments in the Fund, including the loss of their entire investment, and it is possible that the Fund's performance will fluctuate substantially from period to period.

Reliance on the Investment Manager and Ryan Reeves. The success of the Fund depends on the ability of the Investment Manager to develop and implement investment strategies to achieve the Fund's investment objectives. The Fund's investment performance could be materially and adversely affected if the Investment Manager's Principal were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business. Limited Partners have no right or power to take part in the Fund's management, except in certain limited instances as specified in the Partnership Agreement. If Mr. Reeves ceases actively to operate the Investment Manager, the Fund will wind down its operations and dissolve as provided in the Partnership Agreement.

Lack of Investment History. The Fund has not yet commenced operations and has no investment history. In addition, Mr. Reeves has not previously managed an investment fund.

Not a Complete Investment Program. The Fund may be deemed a highly speculative investment and is not intended as a complete investment program. It is designed only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investment.

PORTFOLIO INVESTMENT RISKS

All investing and trading activities risk the loss of capital. While the Investment Manager attempts to moderate these risks, there can be no assurance that the Fund will be able to invest its capital fully on attractive terms. The following discussion sets forth some of the more significant risks associated with the Fund's proposed activities.

General Economic and Market Conditions. The success of the Fund's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, currency fluctuations, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which the Fund's portfolio companies are engaged as well as the markets for the securities the Fund holds. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses. These factors are beyond the Investment Manager's control.

Pandemic Risk. The worldwide emergence of the COVID-19 coronavirus in 2020 has had a significant effect on financial markets, economic activity, and movement of populations throughout the world, with extraordinary volatility reflected in most, if not all, of the markets in which the Investment Manager expects to trade for the Fund. Large-scale government interventions on an unprecedented scale to address the outbreak have occurred and are continuing; the financial, social and economic consequences of the outbreak and its future development and individual, governmental, national and international actions related to it are not yet known or possible to predict. Since the emergence of the COVID-19 coronavirus in 2019, the world economy has experienced significant supply chain disruptions as various governments have restricted population movement and economic activity and the resultant irregularity of goods has contributed to inflationary pressures and increase in interest rates, which in turn have significantly affected stock, bond and commodity prices as governments attempt to continue to address these issues.

The Investment Manager currently expects that the nature of its management services provided to the Fund, the Fund's participation in financial markets throughout the world, and the Fund's trading operations are unlikely to be affected by the pandemic, except insofar as social or economic consequences or government actions would affect the US or world economy and financial markets generally.

Non-U.S. Investments. The Fund may invest a portion of its assets in securities of non-U.S. companies or securities denominated in currencies other than U.S. dollars. These include securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing, and investing in emerging markets in particular, will subject the Fund to certain risks not typically associated with investing in securities in the United States. The following discussion sets forth some of the more significant risks associated with this type of investing.

Characteristics of Non-U.S. Securities Markets. The Fund generally buys and sells securities on the principal stock exchange or over-the-counter market of the country in which the principal offices of the issuer of the security are located. Non-U.S. stock markets generally are not as developed or efficient as those in the United States and may be more volatile than the U.S. markets. In particular, there is generally less government supervision and regulation of non-U.S. exchanges, brokers and listed companies than there is in the United States. Further, as compared with trading volumes in U.S. markets, trading volumes in non-U.S. markets are usually lower and therefore are characterized by less liquidity and more rapid and erratic price fluctuations. Commissions for trades on non-U.S. stock exchanges are generally higher than negotiated commissions on U.S. exchanges, and custody expenses are generally higher as well. Settlement practices for transactions in non-U.S. markets may involve delays beyond periods customary in the United States, and the Fund may be required to borrow funds or securities to satisfy its obligations arising out of other transactions. In addition, there could be more "failed settlements," which can result in losses to the Fund.

Less Fund Information and Regulation. Generally, there is less publicly available information about non-U.S. companies than there is about U.S. companies. This may make it more difficult for the Investment Manager to keep informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of non-U.S. companies.

Currency Fluctuation. The Fund's investments may be denominated in non-U.S. currencies. A change in value of any such currency against the U.S. dollar will cause a corresponding change in the U.S. dollar value of the Fund's investments that are denominated in that currency. Those changes may affect the Fund's income and profitability. Certain countries maintain the value of their currencies at artificially high levels relative to the value of the U.S. dollar. This practice may result in sudden and large adjustments in a currency's value, potentially resulting in losses to foreign investors, such as the Fund. The Fund may enter into currency hedging transactions to attempt to reduce its currency exposure. These techniques may reduce but will not eliminate the risk of loss due to unfavorable currency fluctuations, and they may limit any potential gain that might result from favorable currency fluctuations. Certain countries restrict conversion of their currency into foreign currencies, including the dollar, and for some currencies, there is no significant foreign exchange market.

Restrictions on Investment and Repatriation. Certain countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require that proposed investments be preapproved by regulatory authorities or impose limits on the amount or types of securities that may be held by foreigners or on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Fund's investments in certain countries and may increase the Fund's costs and expenses. Foreign investors may, in some cases, be permitted to invest indirectly in certain countries through investment funds that have been specifically authorized for that purpose. However, because those countries grant only a limited number of authorizations, units or shares in most of the authorized investment funds may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained, and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount. In addition, certain countries impose restrictions and controls on the repatriation of investment income and capital. The Investment Manager may cause the Fund to use derivatives to obtain exposure to certain non-U.S. markets or securities.

Political and Economic Instability. Many non-U.S. economies are relatively less stable than the U.S. economy, due to, among other things, volatile internal political environments, less stable monetary systems and external political risks. Some governments participate in their economies in ways that can have a significant effect on securities prices, such as through ownership of private companies or the enactment of certain regulations. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments by U.S. persons, such as confiscatory taxation or expropriation. Markets throughout the world are subject to risks arising from the disruptive effect of warfare even when not directly affected by war itself; in recent months, the Russian invasion of Ukraine has affected commodity and other financial markets throughout the world and is likely to continue to do so.

Withholding Taxes. Dividend and interest payments on certain non-U.S. securities the Fund may own may be subject to foreign withholding taxes, which would reduce the Fund's profit.

Currency Hedging. To the extent the Fund invests in non-U.S. securities or securities traded in currencies other than U.S. dollars, the Fund may seek to hedge its exposure to currency fluctuations. The Fund may enter into foreign currency forward contracts (agreements to exchange one currency for another at a future date). These contracts involve a risk of loss if the Fund fails to predict accurately the direction of changes in currency exchange rates. For example, the Fund may experience a loss if it increases its exposure to a foreign currency and that currency's value in relation to the U.S. dollar subsequently falls. In addition,

forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Fund for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

Short Selling. The Fund may sell securities short as a regular part of its investing activities, but only expects to engage in such trading on a hedged basis. In a short sale, the Fund sells securities it does not own, in the hope that the market price will decline and that the Fund will be able to buy replacement securities later at a lower price. To accomplish this, the Fund borrows the securities from a broker or other third party. It "closes" the position by "returning" the security (buying a replacement security on behalf of the lender). The obligation to replace the borrowed securities does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. An uncovered short sale theoretically involves the risk of unlimited loss: *i.e.*, the price at which the Fund must buy "replacement" securities could in theory increase without limit. As collateral for its replacement obligation, the Fund is generally required to leave the proceeds of its short sales with the broker that effected the transactions, and deliver an additional amount of cash or other collateral upon the lender's request if the amount of the Fund's liability increases due to increases in a security's price or decreases in the value of the existing collateral. The lender for the Fund's short sales will ordinarily be the Fund's Broker and, ordinarily, all of the Fund's assets will serve as collateral. Therefore, if the value of those assets were to become inadequate to secure the Fund's obligations under its short positions, it is unlikely that the Fund would be able to provide additional collateral. If that were to occur, the Broker would likely cause the Fund to "buy in" or "close" some or all of its short positions, likely at a time and on terms that are adverse to the Fund. There can be no assurance that the Fund will not experience losses on short positions or that it will have long positions that appreciate in value enough to offset any such losses.

New Issues. The Fund may invest in New Issues. Such investments offer the opportunity for significant appreciation; however, they are speculative and involve a high degree of risk. It is characteristic of the initial public offerings market that certain companies may be extremely successful, while a much higher percentage of new public companies fail. Thus, the risk of investing in initial public offerings is substantially greater than investing in the stock market as a whole. Rule 5130 Restricted Partners and Rule 5131 Restricted Partners may be precluded from participating, in whole or in part, in the Fund's investments in New Issues, subject to the "de minimis" exception under the New Issues Rule or Anti-Spinning Rule, as applicable. To the extent that a potential Partner is "restricted," an investment in the Fund may not yield the performance results that may be achieved by those investors that are entitled to receive allocations with respect to New Issues. Any Partner who does not provide the Fund with sufficient information to show that such Partner is not a restricted person will be presumed to be a restricted person and may receive reduced allocations with respect to New Issues and any profit therefrom.

Hedging, Generally. Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit.

Risk of Derivatives, Generally. The Fund may trade and invest in a variety of derivative instruments. Derivatives are financial instruments or arrangements, the risk and return of which are related to changes in reference rates, indices or the value of securities or other assets. They can provide a form of "leverage" in that they permit the Fund to speculate on fluctuations in the reference rates, indices or prices of securities or other assets while investing only a small percentage of the value of those assets. Trading and investing in derivatives can be highly speculative and can entail risks that are greater than the risks of investing directly in securities or other assets. Prices of equity derivatives are generally more volatile than indices, rates, or asset prices on which they are based. A change in the rates or indices or a change in the market price of assets underlying a derivative will cause a much greater relative change in the price of the derivative.

- *Options.* Among the derivatives in which the Fund may invest or trade are options on specific securities and options on narrow-based securities indices. The Fund may buy or sell (write) both call options and put options, and it may do so on a "covered" or an "uncovered" basis. The Fund's options

transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position), a form of leverage in which the Fund has the right to benefit from price movements in a large number of securities or other assets with a small commitment of capital, or an attempt to obtain profits through premiums received on options the Fund writes. These activities involve risks that may be substantial. In general, the fundamental risks involved in options trading can be described as follows. For the most part, these descriptions do not take into account other positions or transactions into which the Fund may enter. Combinations of options positions, or combinations of options positions with positions in stocks or other securities, can mitigate or increase the risks inherent in each component option position.

When the Fund *buys* a call option, it will pay a premium for the right to *buy* a security at a specified exercise price through a specified expiration date. If, at the expiration date, the market price of the underlying security is equal to or lower than the exercise price, the option will expire worthless and the Fund will lose its entire investment in the option (the premium plus commissions). When the Fund buys a put option, it will pay a premium for the right to *sell* a security at a specified exercise price through a specified expiration date. If at expiration the market price of the underlying security is equal to or higher than the exercise price, the option will expire worthless and the Fund will lose its investment.

When the Fund *sells* (writes) an option, the risk can be substantially greater than when it buys one. When it sells a call option, it will receive a premium and grant the option's buyer the right to buy the underlying security from the Fund at a specified exercise price. If the market price of the underlying security does not increase above the exercise price, the premium the Fund receives will represent a profit. However, if the market price does increase above the exercise price, the Fund will lose the amount of the difference (less the premium it received when it sold the option). This risk is theoretically unlimited (similar to the risk of selling a security short) in that the price of the underlying security could theoretically increase without limit. When the Fund sells a put option, and grants the holder the right to force the Fund to buy the underlying security at the exercise price, it will bear the risk of a decline in the price of the underlying security below the exercise price. Thus, if the underlying security were to become valueless, the Fund theoretically could lose an amount equal to the entire aggregate exercise price of the option (minus the premium the Fund received when it sold the put). The Fund can limit its risks in writing options by writing them on a "covered" basis—*e.g.*, owning securities of the same class and in the same amount as the securities underlying a call option it writes, or having a short position in the securities underlying a put option it writes. Although covering reduces the risks of selling options, as with all hedging strategies, it can involve transaction costs and may inherently limit the potential for profit from the option position.

Fixed-Income Investments; High-Yield Securities. The value of the fixed-income securities in which the Fund may invest will change as the general levels of interest rates fluctuate. When interest rates decline, the value of the Fund's fixed-income securities can be expected to rise or decline depending on the type of position held (long or short). Conversely, when interest rates rise, the value of such securities can be expected to decline or rise depending on the type of position held (long or short). In addition, the Fund may invest in high-yield securities. High-yield securities are rated below investments grade, and are commonly known as "junk bonds". Securities which are in the lower-grade categories generally offer a higher current yield than is offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, greater market risk and volatility, and greater liquidity concerns (including, without limitation, the possibility of default or bankruptcy of the issuers of such securities).

Valuation Risks. Many of the securities in which the Fund may invest will be traded in markets that are not as active or deep as many other equity markets. For some securities, there will be no established secondary market. For others, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade-settlement periods, resulting in unreliability of pricing information. The markets for over-the-counter derivative products are even less developed and have no equivalent of established securities exchanges or composite tape systems to supply pricing information. Because of market inefficiencies, there can be material variation of bid/ask pricing from different dealers. In some circumstances, prices for positions the Fund holds may not be available from any source.

When third-party pricing information is not available, and when the Investment Manager considers the information which is available not to be indicative of an investment's value, investments will be fairly valued

in good faith by the Administrator. Further, if an issuer's financial condition deteriorates, accurate financial and business information may become even more limited or entirely unavailable. The Investment Manager may face conflicts of interest in making valuation decisions. *See* "Potential Conflicts of Interest."

As a result of these and other factors, there can be no assurance that the valuation of the Fund's investment positions will accurately reflect the amount the Fund could obtain (or would be required to pay as to some types of derivatives positions) if it were to try to sell the security or close the position. Pricing inaccuracies could cause the net asset value on which the Fund bases various decisions (including determining redemption amounts) to differ significantly from the value the Fund is ultimately able to realize on its investments. In addition, inaccuracies in valuation could affect the Fund's portfolio management activities and, as a result, cause the Fund to experience significant losses.

Use of Leverage. The Fund may use leverage by borrowing funds from securities brokers or dealers, banks, or others or through margin borrowing or other means. The Fund may also use derivatives (or other instruments that include embedded leverage) to leverage its capital, as discussed below. Leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of Fund obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers (primarily the Broker—*see* "*Brokerage and Transactional Practices and Custody Arrangements*") and are typically secured by the Fund's securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures the Fund's obligations, and if the Fund is unable to provide additional collateral, the broker or dealer could liquidate assets held in the Fund's account to satisfy the Fund's obligations. Liquidation in that manner could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Counterparty and Settlement Risk. The Fund may enter into over-the-counter derivative contracts or transactions (*i.e.*, transactions in options or other derivatives that are not cleared through the facilities of an exchange or clearing organization such as the Options Clearing Corporation). These may include FX swaps and forwards, contracts for differences and specially-tailored options, and instruments or interests underlying them that may include securities, securities indices, interest rates, commodities and commodities indices. If it does so, it may be exposed to the risk of default by its counterparty or to settlement difficulties. This risk may be materially greater than default or settlement risks involved in standardized and exchange-traded transactions. The latter are generally backed by clearing organizations' guarantees and are generally marked to market daily, and intermediaries are generally subject to settlement and segregation and minimum capital requirements. Transactions directly with a counterparty generally do not benefit from those protections and expose each party to a greater risk of the other's default. Although a counterparty may collateralize its obligations to the Fund by segregating its assets and identifying them on its records as assets of the Fund, it may not always be required to or otherwise do so. Even if it does, those or similar arrangements may not always be adequate to protect the Fund if the counterparty were to become insolvent, and, in any event, the Fund could experience delays in receiving the benefit of the derivative or other contract.

Counterparty Creditworthiness. The Fund will engage in transactions in securities and other financial instruments that may involve counterparties, and no counterparty exposure limits have been imposed on these transactions. Specifically, spot, forward and option foreign contracts are entered into between private parties off-exchange and are thus free from exchange regulations. Such trading between participating parties (including the Fund) is not regulated by any U.S. government agency and is not guaranteed by an exchange or clearing house. If the Fund takes a position with a counterparty that fails, a default would most likely result, depriving the Fund of any profit potential or forcing the Fund to cover its commitments for resale at the then current market price. Any nonperformance, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. There can be no assurance that the counterparties with which the Fund deals will perform and not default. This risk is expected to be heightened by the Fund's utilization of one or more prime brokers, since the prime brokers are expected to have execution, clearance, settlement and safekeeping responsibilities on all open positions. Thus, a failure by a prime broker could result in a concentrated and disproportionate loss for the Fund's positions. In addition, under certain conditions, the market for certain securities, commodities and/or financial instruments may become illiquid.

Failure of Brokerage Firms. Brokers which carry the accounts of the Fund generally segregate all customer funds but the Investment Manager may open such accounts which are not segregated. If such assets were not so segregated, the Fund would be subject to the risk of the failure of the broker. Even given proper segregation, in the event of the insolvency of a broker, the Fund may be subject to a risk of loss of its funds and may be able to recover only a pro rata share (together with all other securities customers of such broker) of its assets, such as United States Treasury bills and securities issued by other governments, specifically traceable to the Fund's account. In broker insolvencies, customers have, in fact, been unable to recover from the broker's estate the full amount of their "customer" funds. In addition, under certain circumstances, such as the inability of another client of the broker or the broker itself to satisfy substantial deficiencies in such other client's account, a customer (including the Fund) may be subject to a risk of loss of its funds on deposit with a broker, even if such funds are properly segregated. In the case of any such bankruptcy or loss, the Fund might recover, even in respect of property specifically traceable to the customer, only a pro rata share of all property available for distribution to all of the broker's clients. The Fund may trade with or hold accounts at foreign brokers registered under the laws and regulations of other countries. Such brokers and/or dealers may not be subject to the same or similar customer fund regulations (including customer segregation requirements) as those existing in the United States. The financial failure of the parties with which the Fund trades in the over-the-counter ("***OTC***") markets could also result in substantial losses, as the Fund will deal with such persons as principals, and there is no requirement that such parties segregate counterparty funds held by them in respect of such trading. Further, the Fund will be subject to additional risks where it is a party to a securities lending arrangement and the counterparty to the arrangement becomes insolvent or defaults on its obligations, including, without limitation, the risk that collateral will not be returned or repurchased or the Fund will not be permitted to exercise its remedies in accordance with the provisions of the relevant securities lending agreement.

Concentration of Investments. The Investment Management Agreement does not limit the amount of capital that may be committed to any single investment, industry or sector. While the Fund generally attempts to spread capital among a number of investments, at times it may hold a relatively small number of positions, each representing a relatively large portion of the Fund's capital. The Fund may at times have a relatively large portion of its capital exposed to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which the Fund is concentrated, could materially adversely affect the Fund's performance in a particular period and could have a materially adverse effect on the Fund's overall financial condition. See "*Investment Objective, Strategy and Policies*."

Temporary Investments in Liquid Assets. The Fund may at times keep a portion of its assets in cash, cash equivalents or other liquid assets, including, without limitation, currencies, bank deposits, certificates of deposit, bankers acceptances, one or more short duration funds (including, without limitation, money market instruments or investments in shares or units of money market funds) or government securities (both short-term and long-term). Limited Partners should be aware that such investments usually produce a lower return than other investments contemplated by the Fund and therefore may impact the overall performance of the Fund. The percentage of Fund assets held in cash or cash equivalents should not be taken as an indication that the Fund has not fully invested all of its assets. Further, Limited Partners should not assume that an investment in the Fund is less risky due to the levels of cash and cash equivalents held by the Fund.

Limited Liquidity of Some Investments. The Fund may invest in securities that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because the Fund's position in a security is large in relation to the overall market for the security. The Fund may own securities that are relatively liquid when acquired but that become illiquid after the Fund invests. The Fund may not be able to liquidate illiquid securities positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Fund's profits, or increasing its losses, in the positions. The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining the Fund's net asset value may differ from the value the Fund is ultimately able to realize on those securities.

Competition. The investment industry and the varied strategies engaged in by the Investment Manager, as well as the markets in which the Investment Manager intends to trade, are very competitive and each involves a degree of risk.

Shift in Economic Cycle. With recent increases in inflation and interest rates, there is the increased risk of an economic downturn affecting various economies throughout the world. Any resulting economic downturn could adversely affect certain of the Fund's investments. Such marketplace events also may restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices or cause the Fund to have limited access to credit. The Fund may be adversely affected by a decrease in market liquidity (e.g., by impairing the Fund's ability to adjust its positions and risk in response to trading losses or other adverse developments). The size of the Fund positions may magnify the effect of a decrease in market liquidity for the instruments traded. Changes in overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) also may adversely affect Fund positions. In addition, there may be situations where, due to the volume of trading in the market, the Fund will be unable to have its trade orders executed fully or in a timely manner.

Stagnant Markets. Although volatility is one indication of market risk, certain of the investment strategies employed by the Investment Manager rely for their profitability on market volatility contributing to the mispricings which they are designed to identify. In periods of trendless, stagnant markets or deflation, alternative investment strategies have materially diminished prospects for profitability.

Timing of Gains and Losses. Some of the Fund's investments may be in securities the Fund must hold for significant periods before the success or failure of the investment becomes apparent or any gains can be realized. It may take longer for successful investments to realize their potential than for unsuccessful ones to reveal their weaknesses.

Difficulty of Locating Attractive Investments. Identifying, completing and realizing gain on attractive investments is a highly competitive activity and involves significant uncertainty. The Fund will compete for investments with other investment vehicles, as well as financial institutions and other institutional investors, which may have more resources than the Fund.

Changes in Investment Strategy. The Investment Management Agreement gives the Investment Manager broad discretion to expand, contract or otherwise change the Fund's investment activities without notice to or the consent of the Limited Partners. Thus, the investment strategies described elsewhere in this Memorandum may be altered without prior approval by, or notice to, the Limited Partners if the Investment Manager believes the change is in the Fund's best interest. Any such change could result in the exposure of the Fund's capital to additional risks, which may be substantial.

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

FUND RISKS

Limited Liquidity. An investment in the Fund is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests and the Partnership Agreement imposes significant limitations on the ability of Limited Partners to transfer their Interests. In addition, rights to withdraw capital from the Fund are subject to several limitations. The General Partner has the discretion to deliver amounts withdrawn in assets other than cash. Further, as to all or a portion of a withdrawn amount, the General Partner may establish a segregated portfolio of some of the Fund's investments and cause the Investment Manager to liquidate those investments for the withdrawing Limited Partner. In such a case, the

investments segregated may be relatively illiquid and the Limited Partner would bear the risk of a decline in their value after the effective time of his or her withdrawal. These limitations, taken together, will significantly limit a Limited Partner's ability to liquidate an investment in the Fund quickly. See "*Who Should Invest; Subscriptions and Withdrawals*."

Effect of Substantial Withdrawals. Substantial withdrawals by Partners within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets or disrupting the Investment Manager's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses. Among other things, at lower asset sizes the Fund may be less able to take advantage of particular investment opportunities and withdrawals can decrease the ratio of the Fund's income to its expenses. In addition, withdrawals or redemptions by investors in other investment vehicles or accounts managed by the Investment Manager, some of which may have more advantageous information or liquidity rights than those provided to Partners, could adversely affect the value of portfolio positions held by the Fund.

Potential Mandatory Withdrawal. The General Partner may, in its sole and absolute discretion at any time, require a Limited Partner to withdraw all or a portion of his or her Interest. A mandatory withdrawal could result in adverse tax or economic consequences to that Limited Partner. See "*Who Should Invest; Subscriptions and Withdrawals*."

Conflicts of Interest. The Investment Manager and the General Partner will be subject to a variety of conflicts of interest in managing the Fund's assets and affairs. For example, the Investment Manager will have an incentive to assign higher values to investment positions for which there are no readily available quotations than the values that may ultimately be realized by the Fund. The General Partner, the Investment Manager and Mr. Reeves may themselves invest or trade in securities and other instruments, including positions in which the Fund invests, they may do so at different times and for different purposes than the Fund, and none of the General Partner, the Investment Manager or Mr. Reeves is obligated to make any particular investment opportunity available to the Fund or to refrain from taking advantage of any opportunity, either for other accounts that may be managed by the General Partner or the Investment Manager or for itself or himself. Nevertheless, Mr. Reeves and the General Partner intend to prioritize any investment opportunities first to the Fund. The General Partner or the Investment Manager may, acting on the Fund's behalf or otherwise, enter into investment transactions with any Limited Partner or any company affiliated with or owned by any Limited Partner. See "*Potential Conflicts of Interest*."

Systems Risk. The Fund depends on the Investment Manager to develop and implement appropriate systems for the Fund's activities. In particular, the Investment Manager will rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor their portfolios and net capital, and to generate risk management and other reports that are critical to the oversight of the Fund's activities. In addition, certain of the Investment Manager's and its affiliates' operations interface with or depend on systems operated by third parties, including brokers and market counterparties and their sub-custodians and other service providers, and the Investment Manager and its affiliates may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on the Fund. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Fund's ability to monitor their investment portfolio and its risks.

Electronic Trading Facilities. The Fund, in its trading activities, may, at the sole and absolute discretion of the Investment Manager, make use of electronic trading and communication networks. Most electronic trading facilities are supported by computer- (including internet-) based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Trading on an electronic trading system may differ not only from trading in an open-outcry market or telephonic market but also from trading on other electronic trading systems. The Fund, in undertaking transactions on an electronic trading system, will be exposed to risk associated with the system, including the failure of hardware and software. The result of any system failure

may be that a trade order is either not executed according to its instructions or is not executed at all. The Fund's ability to limit or recover certain losses may be subject to limits on liability imposed by, without limitation, foreign or domestic law or regulation, the Fund's own or the expected prime brokers' internet service provider, other systems providers, market factors, foreign or domestic banking or other market regulations, and/or telephonic or other communications providers.

No Minimum Size of Fund. At low asset levels, the Fund may be unable either to diversify its investments as fully as would otherwise be desirable or to 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 Fund operates for a period with substantial capital, withdrawals could diminish the Fund's assets to a level that does not permit the most efficient and effective implementation of the Fund's investment program.

Idle Funds. While the Investment Manager will endeavor to keep the Fund's assets invested, there may be periods of time before and after an investment position when the Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" is not expected to meet the overall return objective the Investment Manager seeks through the Fund's investment program.

No Independent Representation for Limited Partners. Legal counsel for the General Partner and the Investment Manager does not and will not serve as counsel for the Fund or represent the interests of the Limited Partners or the Fund in connection with the business of the Fund or any offering of Interests, and such counsel disclaims any fiduciary or attorney client relationship with the Limited Partners of the Fund. Neither the Fund nor potential investors in the Fund as a group nor the Limited Partners as a group have been represented by separate counsel. The attorneys, accountants, and other experts who perform services for the General Partner and the Investment Manager on behalf of the Fund all perform services for the General Partner and the Investment Manager and do not represent or perform services for the Limited Partners. Prospective Limited Partners should obtain the advice of their own counsel regarding legal matters.

Broad Indemnification of the General Partner and the Investment Manager. The Partnership Agreement and the Investment Management Agreement contain provisions for indemnification of the General Partner and the Investment Manager, and their respective officers, employees, members and other affiliates against claims or lawsuits arising out of the Fund's activities that are broader than the protections that would apply in the absence of such provisions. In general, those persons and entities are to be held harmless from any claims, losses, damages and other types of liabilities ("***Losses***"), arising out of their activities involving the Fund, except to the extent those Losses are found to have resulted from their gross negligence or willful violation of law

Additional Classes and Agreements with Certain Limited Partners. The General Partner has the power to create and establish other Classes of Interests in its sole and absolute discretion. The General Partner has initially established one class of interest for the Fund, but if the General Partner establishes additional classes, those other Classes may provide certain Limited Partner(s) with additional or different rights that other Limited Partners will not receive. For example, a Limited Partner that invests in another Class may be able to withdraw value from its capital account(s) on less notice or at different times than other Limited Partners. As a result, should the Fund experience a decline in performance over a period of time, the Limited Partner who invests in the other Class that permits less notice or different withdrawal times may be able to withdraw value from its capital account(s) prior to other Limited Partners. Neither the General Partner nor the Investment Manager will be required to offer the additional or different rights or terms provided to an additional Class to any or all of the other Limited Partners. In addition, the General Partner shall have the right from time to time to amend, supplement or otherwise modify the Partnership Agreement, without the consent or other approval of the Limited Partners, to reflect the terms and conditions applicable to additional Classes (which terms shall be determined by the General Partner in its sole and absolute discretion), , provided that the rights of an existing Class of Limited Partners are not materially impaired relative to the rights of any additional Class of Limited Partners by such amendment. The other Limited Partners will have no recourse against the Fund, the General Partner, the Investment Manager or any of

their respective affiliates in the event certain Limited Partners receive additional or different rights or terms as a result of such additional Classes.

Cross Class Liability. If, in the future, the liabilities of a Class of Interests exceed its assets, creditors of such Class may have recourse to the assets attributable to the other Classes except as otherwise provided in the Partnership Agreement and the Fund's Certificate of Limited Partnership.

TAX RISKS

For a more detailed discussion of certain tax considerations associated with an investment in the Fund, see the discussion below under "*Certain Tax Considerations*."

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

Tax Liability without Distributions. Partners will be liable to pay taxes on their allocable shares of the Fund's taxable income. Taxable income can be expected to differ from Net Profit, primarily because only realized gains and losses are generally considered for U.S. federal income tax purposes but Net Profit and Net Loss include unrealized gains and losses. It is possible that selling, closing or unwinding of investment positions in a particular period could cause some Partners to have taxable gain for that period even though unrealized losses in the same period result in a reduction in the value of their investment in the Fund. The General Partner does not intend to make significant distributions from the Fund (although it has the discretion to do so), but instead intends to reinvest substantially all of the Fund's income and gains for the foreseeable future. It will generally be necessary for Partners to pay tax liabilities arising out of their investment out of separate funds or withdrawals from the Fund. There are limitations on a Limited Partner's right to withdraw capital from the Fund. See "*Who May Invest; Subscriptions, and Withdrawals*", "*Summary of the Partnership Agreement*" and "*Certain Tax Considerations*."

Limitations on Deductions. Tax laws in certain cases may limit a Limited Partner's ability to deduct certain losses and expenditures allocable to him or her.

Allocations. The Fund intends to allocate all items of taxable income, gain, loss, deduction and credit among the Partners in a manner that is generally consistent with the allocation of Net Profit and Net Loss. In doing so, the Fund expects to deviate in some respects from "safe harbors" provided in applicable Treasury Regulations and the General Partner retains discretion to allocate items in any manner the General Partner believes is necessary or appropriate to avoid an inequitable result or to be consistent with the spirit and intent of applicable Treasury Regulations. There can be no assurance that the Internal Revenue Service will respect the Fund's allocations of tax items. See "*Certain Tax Considerations*."

OTHER RISKS

Investment Company and Investment Adviser Regulation. The Fund relies on Section 3(c)(1) of the Investment Company Act to avoid requirements that the Fund register as an "investment company" under, and comply with the substantive provisions of, that Act. If the Fund were registered as an investment company, the Investment Company Act would require, among other things, that the Fund have a board of directors, some of whom are unrelated to the Investment Manager, compel certain custodial arrangements and regulate the relationship and transactions between the Fund and the Investment Manager. Compliance with some of those provisions could possibly reduce certain risks of loss, although it would significantly

increase the Fund's operating expenses and limit the Fund's investing and trading activities. Interpretations of Section 3(c)(1) are complex and uncertain in several respects. As a result, there can be no assurance that the Fund will remain entitled to rely on that Section or analogous provisions for non-U.S. entities. If the Fund were found not to have been entitled to rely on Section 3(c)(1), the Fund, and the Investment Manager, could be subject to legal actions by the SEC and others and the Fund could be forced to terminate its business under adverse circumstances. In addition, because the Investment Manager is a private fund adviser to a qualifying private fund as defined in applicable California regulations (10 CCR §260.204.9), the Investment Manager is exempt from the requirement that it obtain a "certificate" to do business as an investment adviser in California and thus to be subject to certain requirements imposed by the State of California on certificated investment advisers, as a result of which investors do not have the benefit of those regulations. See "*Certain Regulatory Matters*."

Private Offering Exemption. The Fund offers Interests on a continuing basis without registration under the Securities Act and without registration or qualification of the Interests under state laws. It will rely on an exemption for "transactions by an issuer not involving any public offering" and the safe harbor in Rule 506 under the Securities Act of 1933, as amended. While the General Partner believes reliance on that exemption is justified, factors such as the manner in which offers and sales are made, concurrent offerings by other investment funds with which the General Partner is involved, the scope of disclosure provided, failures to file notices or renewals of claims for exemption, or changes in applicable laws, regulations or interpretations could cause the Fund to fail to qualify for the exemption under federal or one or more states' laws. Loss of the exemption could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Fund's performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the Fund's business. See "*Certain Regulatory Matters*."

General Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for hedge funds is continuously evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Fund and the ability of the Fund to pursue its investment strategy. Continuing regulatory changes following the Dodd Frank Act and related legislation are ongoing and no determination can be made as to the ultimate impact of those changes on the operation of the Fund, some of which may be substantial and adverse. In addition, the securities markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Fund could be substantial and adverse.

Changes in Applicable Law. The Fund, the General Partner and the Investment Manager must comply with various legal requirements, including, without limitation, requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change, the legal requirements to which the Fund, the General Partner, the Investment Manager and the Limited Partners may be subject could differ materially from current requirements.

No Distributions. The Fund does not presently intend to pay dividends or make other distributions, other than the proceeds of withdrawals, although it may do so at the discretion of the General Partner from time to time. The Fund intends to reinvest substantially all of the Fund's income and gain. Cash that might otherwise be available for distribution will also be reduced by payment of Fund obligations (including amounts payable to the Investment Manager), payment of Fund expenses and establishment of appropriate reserves.

ERISA Matters. Most U.S. pension and profit sharing plans, individual retirement accounts and other tax advantaged retirement funds, are subject to provisions of the Code, ERISA, or both, which may be relevant to a decision as to whether such an investor should invest in the Fund. There may, for example, be issues as to whether such an investment is "prudent" or whether it results in "prohibited transactions." Such an

investor, whether a U.S. entity or otherwise, should consult legal counsel before investing in the Fund. See *"Taxation"* and *"Investments by Employee Benefit Plans."*

Other. The Fund, the General Partner and the Investment Manager are subject to various other securities and similar laws and regulations that could limit some aspects of the Fund's operations or subject the Fund or the General Partner or the Investment Manager to the risk of sanctions for noncompliance.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors, in consultation with their financial, legal and tax advisers, should read this Memorandum, the Partnership Agreement, the Investment Management Agreement and the Subscription Agreement in their entirety before deciding to invest in the Fund.

POTENTIAL CONFLICTS OF INTEREST

Conflicts may arise between the interests of the General Partner and the Investment Manager, and those of the Limited Partners. Infuse GP LLC acts as the General Partner and Infuse Asset Management LP serves as the Investment Manager of the Fund, and the controlling principal of both entities is Mr. Reeves, and as a result, there is no "arm's length" relationship between the Fund's general partner and its investment manager. While the General Partner and the Investment Manager are accountable to the Fund as fiduciaries, the Partnership Agreement and the Investment Management Agreement grant the General Partner and the Investment Manager broad discretion as to many matters and limit their fiduciary duties. *By entering into the Partnership Agreement and signing the Subscription Agreement, each investor acknowledges and consents to the limits on the General Partner's and the Investment Manager's duties and liability and to the exercise of their discretion, including when the General Partner and the Investment Manager have a conflict of interest.*

Other Business Relationships and Activities

The General Partner, the Investment Manager and their respective principals devote as much of their time and resources to the activities of the Fund as each deems necessary and appropriate. Neither the Partnership Agreement nor the Investment Management Agreement restricts the General Partner, the Investment Manager or their respective principals and affiliates from entering into other investment advisory relationships or engaging in other business activities, even though those activities may be in competition with the Fund or may involve substantial amounts of time and resources.

Transaction and Investment Opportunities

Conflicts of interest could also arise in connection with transactions for the accounts of the Fund and any other advisory clients the Investment Manager and its affiliates may have, or other accounts of the Investment Manager or Ryan Reeves.

Neither the General Partner, the Investment Manager nor any of their principals has any obligation to provide the Fund with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Fund. Nevertheless, the Investment Manager does intend to prioritize investment opportunities to the Fund (rather than to other accounts managed by the Investment Manager or Mr. Reeves. The Investment Manager is not obligated to effect for any Fund any transaction that the Investment Manager or its principal may effect for its or their own accounts or for the account of any other client. Nevertheless, it will be the policy of the Investment Manager to allocate investment opportunities to the Fund and to any Other Accounts fairly, to the extent practical and in accordance with the Fund's or Other Accounts' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an Account's objectives; (ii) the potential for the proposed investment to create an imbalance in an Other Account's portfolio; (iii) the liquidity

requirements of an Other Account; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit an Other Account's ability to participate in a proposed investment; (vi) the need to re-size risk in an Other Account's portfolio; (vii) redemption or withdrawal requests from Other Accounts and anticipated future contributions into the Fund and the Other Accounts; and (viii) proximity of an Other Account to the end of its specified term or commitment period. The Investment Manager will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to the Fund or Other Accounts solely because the Investment Manager purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to an Other Account or the Fund if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Fund or the Other Account. in particular, when the Fund is ramping up its investment or trading strategies, it may receive larger allocations of certain securities than the Other Accounts in order to obtain its desired risk and portfolio size. Conversely, when Other Accounts ramp up their investment and trading strategies, the Fund may receive reduced or no allocations of certain securities.

Order Aggregation and Average Pricing

If the Investment Manager determines that the purchase or sale of a security is appropriate with regard to the Fund and any Other Accounts, the Investment Manager may, but is not obligated to, purchase or sell such a security on behalf of such Accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Account will receive the average price, with transaction costs generally allocated pro rata based on the size of each Account's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Manager. In the event of a partial fill, allocations may be modified on a basis that the Investment Manager deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Manager. As a result, certain trades in the same security for one Other Account (including an Other Account in which the Investment Manager and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Transaction Execution; Broker

The Investment Manager's selection of brokers, dealers and other financial intermediaries and market participants to execute portfolio transactions for the Fund and act as counterparties in securities transactions will be based in part on the research and other information, products and services these parties provide to the General Partner and the Investment Manager. The Investment Manager may use that information, products and services in servicing other accounts (including its own) and not solely in connection with the Fund. The Investment Manager's receipt of such information, products and services can give rise to conflicts of interest. *See* "Brokerage and Transactional Practices and Custody Arrangements."

To the extent the Broker of the Fund provides services directly to the Investment Manager, the Investment Manager may have a conflict of interest in causing the Fund to select or retain the Broker and in negotiating with the Broker the economic terms on which the Broker provides its services to the Fund. See "*Brokerage and Transactional Practices and Custody Arrangements —'Brokerage*,' *Custody, Clearing and Settling*."

Asset Valuation

Although it is expected that the Investment Manager will not have substantial discretion in determining the value of the Fund's assets (since the role of pricing marketable securities which will make up the preponderance, if not all, of the Fund's net assets will be done by the Administrator), there may be times when the Investment Manager will utilize its judgment about discounts due to the size of a block of securities

held by the Fund or temporary restrictions on resale may be necessary. Any securities that are not marketable securities will be valued at fair value as determined in good faith by the Investment Manager according to generally accepted accounting principles in its sole discretion.

The Investment Manager may face a conflict of interest in making any valuation decisions or recommendations. Any reduction in the value of any assets held by the Fund would reduce the amount of Management Fee to which the Investment Manager is entitled.

Exculpation and Indemnification

The Partnership Agreement provides that neither the General Partner, the Investment Manager nor their members, partners, employees, agents or affiliates will be liable to the Fund or to any Limited Partner for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Fund as long as that act or omission did not constitute gross negligence or a willful violation of law. These provisions alter the General Partner's fiduciary duties such that no action the General Partner takes or omits to take, including actions involving conflicts of interest as described in this Memorandum and otherwise, will breach any duty to the Fund or the Partners unless taking or omitting the action is finally determined to have constituted gross negligence or a willful violation of law. The Partnership Agreement also provides the General Partner and its members, partners, employees, agents and affiliates with broad indemnification rights for any act or omission that is not finally determined to constitute gross negligence or a willful violation of law and with the right to have the Fund pay costs of defending against claims arising out of the General Partner's activities. See "*Summary of the Partnership Agreement—Exculpation; Indemnification*."

If and to the extent any discretion is to be exercised in determining whether to make payments under these provisions of the Partnership Agreement, that discretion rests with the General Partner. As a result, the General Partner has a conflict of interest in administering these provisions, in that the General Partner, and its respective partners (and other related persons) are the intended beneficiaries of these provisions. Some securities laws might, in some circumstances, confer rights on the Fund or its investors that cannot be waived by agreement such as the provisions described above. The Partnership Agreement provides that, to the extent (and only to the extent) enforcing the exculpation and indemnification provisions would require the waiver or limitation of rights that may not be waived, those provisions will be deemed modified so that the nonwaivable rights are preserved.

BROKERAGE, TRANSACTIONAL PRACTICES AND CUSTODY

References in this section of the Memorandum to the General Partner shall also include the Investment Manager and any third-party investment adviser, unless otherwise specified or the context so requires.

The Fund's accounts will be maintained with the Interactive Brokers LLC as the Fund's Broker. The General Partner has complete discretion regarding the selection of such brokers and the amount of brokerage commissions and fees paid to such brokers. Brokerage fees paid by the Fund to brokers vary and may be greater than those typical for investment funds similar to the Fund if the General Partner has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

The General Partner makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the Fund. In arranging for the execution of portfolio transactions on behalf of the Fund, the General Partner seeks to obtain best execution at favorable prices on behalf of the Fund. The General Partner has discretion to execute trades, select broker-dealers and negotiate commissions. In selecting broker-dealers, the General Partner seeks those broker-dealers who can provide best execution of transactions under the circumstances. The principal factors determining this selection are (1) a broker's ability to execute the types of transactions occurring in client accounts; (2) the net prices for such transactions; and (3) trading ideas generated by brokers. "Best execution" is not

synonymous with lowest brokerage commission. Consequently, in a particular transaction the Fund may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

Although the General Partner does not presently intend to utilize "soft dollars" with respect to the Fund's trades, the General Partner may do so in the future; if it does so, the General Partner intends to comply with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended for those trades. Under "soft dollar" arrangements, the brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the Fund, the General Partner, or one or more of their affiliates in consideration of the allocation to the firm of brokerage transactions (with resulting commission income) made on behalf of the Fund on both an agency and net basis. Services that may be furnished or paid for by brokers or dealers may include, without limitation (in addition to the research products and services described below) special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, performance measurement data, consultations, financial strength and stability, efficiency of execution and error resolution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services. Although these soft dollar arrangements may benefit the Fund and the General Partner by reducing their respective expenses, the amount of the Management Fees payable to the General Partner will not be reduced. Because such services could be considered to benefit the General Partner and its affiliates, and the "soft dollars" used to acquire them are the assets of the Fund, the General Partner could be considered to have a conflict of interest in allocating brokerage business on behalf of the Fund. The General Partner believes, however, that to the extent it makes allocations of brokerage business and soft dollar arrangements, these would generally enhance the Fund's ability to obtain research and optimal execution, as well as other benefits to the Fund. Notwithstanding the foregoing, the Fund will not necessarily benefit from all such soft dollar services. The General Partner and its affiliates and other accounts they may advise may also derive substantial benefits from these services, particularly to the extent the General Partner uses soft dollars to pay for expenses it would otherwise be required to pay itself. Furthermore, because the extent of the products and services provided by these brokers will be based largely on the volume of commissions generated by the Fund's trading activities, these soft dollar arrangements may create an incentive for the General Partner to increase the volume of the Fund's trading activities.

Under Section 28(e) of the U.S. Securities Exchange Act of 1934, the General Partner's use of the Fund's commission dollars to acquire "research" products and brokerage services would not be a breach of the General Partner's fiduciary duty to the Fund--even if the brokerage commissions paid are not the lowest available--as long as (among other requirements) the General Partner determines that the commissions are reasonable in relation to the value of the brokerage services and the "research" acquired. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to the General Partner in making investment decisions for all of its clients. The types of "research" the General Partner may acquire include research reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance the General Partner's investment decision making. Research obtained by the use of "soft dollars" arising from the Fund's portfolio transactions may be used by the General Partner or its affiliates in its other investment activities and may benefit other accounts traded by the General Partner ("***Other Accounts***"), and the Fund therefore may not, in any particular instance, be the direct or indirect beneficiary of the research provided. Where a product or service obtained with soft dollars provides assistance both within the safe harbor created by Section 28(e) and outside of the safe harbor, the Fund will make a reasonable allocation of the cost that may be paid for with soft dollars and pay the remaining portion using the General Partner's own hard dollars. The "safe harbor" is not available where the transactions that compensate a broker-dealer for "research" services or products are effected on a principal basis, with a markup or markdown paid to the broker-dealer (e.g., in transactions with market makers).

The General Partner intends generally to consider the amount and nature of services provided by brokers as well as the extent to which such services are relied on, and will attempt to allocate a portion of the

brokerage business of the Fund and any such Other Accounts and entities on the basis of such considerations. The services received from brokers, however, may be used by the General Partner, its affiliates and principals in servicing some or all of the Other Accounts, but not all such information may be used by the General Partner in connection with the Fund. The General Partner believes that such an allocation of brokerage business will help the Fund to obtain research and execution capabilities and provides other benefits to the Fund.

If, in the General Partner's reasonable judgment, the aggregation of sale and purchase orders of securities for the Fund with similar orders for the Other Accounts is reasonably likely to result in administrative convenience or an overall economic benefit to the Fund based on an evaluation that the Fund is benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors, the General Partner may place "bunched orders" with respect to such trades. A bunched order is a group of orders for more than one client entered as one order. Bunched orders will be allocated to client accounts in a systematic non¬-preferential manner. If the bunched order does not fill at one price, resulting in partial fills, allocations to client accounts will be made on an average pricing basis. Average pricing amounts to adding up all the buys or sells at their particular price levels, multiplied by the number of contracts at each particular price level, and dividing by the total number of contracts to determine an average price for the whole bunched order. This is standard industry practice and the Broker's back office will facilitate the process. **Cross Transactions**

The Investment Manager does not intend to effect "cross" transactions for the Fund.

Brokerage, Custody, Clearing and Settling

The Fund has entered a brokerage arrangement with Interactive Brokers. Under this arrangement, the Broker provides certain recordkeeping services and performs the following functions, among others: (i) arranges for the receipt and delivery of securities bought, sold, borrowed, and lent; (ii) makes and receives payments for securities; (iii) maintains custody of cash and securities; and (iv) delivers cash to the Fund's bank accounts; and (v) tenders securities in connection with tender offers, exchange offers, mergers, or other corporate reorganizations.

The Fund may pay for custodial and related services either in cash, by allocating a portion of the Fund's brokerage business to the Broker or through interest the Broker receives on the Fund's cash balances, margin borrowings, and borrowings of securities to maintain short positions. The Fund is not committed to continue its "prime brokerage" relationship with the Broker for any minimum period and may engage additional or other prime brokers in the sole discretion of the Investment Manager. If the Fund uses another custodian, it may be required to pay separate fees in cash.

WHO SHOULD INVEST; SUBSCRIPTIONS AND WITHDRAWALS

Subscriptions for Interests will be accepted at the discretion of the General Partner from time to time, generally as of the beginning of a calendar month (or at such other times as the General Partner may in its sole discretion permit).

The minimum initial capital contribution is $500,000 and the minimum additional capital contribution is $50,000. The General Partner may waive or reduce these requirements in particular cases and may change them as to new investors in the future. The General Partner, upon receipt of subscription funds from investors, will deposit those monies in the Fund's account at First Republic Bank, and will transfer such monies to the Fund's trading account at the Broker in connection with the Fund's trading.

Eligible Investors

Investors must generally be sophisticated individuals or entities who are "accredited investors" as defined in Regulation D under the Securities Act and must be "qualified clients" as defined in Rule 205-3 under the

Advisers Act under applicable California regulations. Where permitted by applicable regulation, the General Partner may waive certain of these standards in limited circumstances (such as for members or employees of the General Partner) and may apply additional admission standards. In addition, prospective investors must make certain representations, in a subscription agreement, relating to securities law compliance. Investors will be obliged to certify as to their eligibility for the accredited investor and qualified client standards in the subscription materials (see Exhibit B).

Suitability

A prospective investor's satisfaction of the standards for accredited investor or qualified client status, and the ability to make the other representations in the Subscription Agreement does not necessarily mean that Interests are a suitable investment for a prospective investor. Prospective investors should carefully evaluate whether an investment in the Fund is suitable for their particular circumstances and investment needs. In doing so, they should consult with such legal, tax, and financial advisors as they consider appropriate, and should avail themselves of the opportunity to ask questions of the General Partner.

Each investor must have sufficient knowledge and experience in financial and business matters generally and in securities investments in particular to allow him or her to evaluate the merits and risks of investing in the Fund. In addition, each investor should have sufficient funds, beyond those he or she intends to invest in the Fund, to meet personal needs and contingencies. Investors should expect that they will not have access to the capital they have invested in the Fund for extended periods and should be capable of absorbing a loss or reduction in the value of their investments. See "*Certain Risk Factors*." Investors who are subject to income tax should be aware that, if the Fund's investment activities are successful, an investment in the Fund is likely to create taxable income or gains but that the Fund does not intend to make distributions of cash with which to pay the resulting tax liabilities.

Anti-Money Laundering Regulations

In connection with the efforts of the international financial community to avoid association with money-laundering activities or financial activities of persons identified as terrorists, and in order for the Fund to comply with applicable regulatory requirements, the Fund may require verification of identity and source of payment from all prospective investors. For example, an individual may be required to produce a copy of a passport or identification card certified by a notary public and other verification documents. Prospective entity investors may be required to produce a certified copy of their formation and governing documents (including amendments and restatements thereof), and the names, occupations, dates of birth and residential and business addresses of all directors. In the event of delay or failure by a prospective investor to produce any information required for verification purposes, the Fund may refuse to accept the Subscription Agreement and, if so, any funds received from the prospective investor will be returned, without interest, to the account from which the funds originated. Neither the Fund nor the General Partner will be liable for any losses or damages incurred by any prospective investor in connection with a refusal of the prospective investor's Subscription Agreement.

In addition, prospective investors will be required to make any representations the Fund may require in connection with U.S. anti-money laundering programs and regulations, including representations that the potential investor is not a prohibited country, territory, individual, or entity listed on the Treasury Department's Office of Foreign Assets Control ("***OFAC***") website and that he or she is not directly or indirectly affiliated with any country, territory, individual, or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Prospective investors will also be required to represent that amounts invested in the Fund by the investor were not directly or indirectly derived from activities that may contravene federal, state, or international laws and regulations, including anti-money laundering laws and regulations.

The Fund reserves the right to refuse to make any withdrawal payment to a Limited Partner if the General Partner suspects or is advised that the payment of withdrawal proceeds to the Limited Partner may result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant

jurisdiction or if that refusal is considered necessary or appropriate to ensure continued compliance with the laws and regulations of all applicable jurisdictions.

Method of Subscription

To subscribe to purchase an Interest, an investor must complete, date, and sign the Subscription Agreement attached as **Exhibit B** to this Memorandum, deliver the signed Subscription Agreement to the General Partner, and make payment in accordance with the Subscription Agreement as described in the instructions in Exhibit B—Subscription Agreement. The General Partner reserves the right to accept or reject any subscription in whole or in part in its sole and absolute discretion for any reason whatsoever and to withdraw this offering at any time.

Copies of the proper documentation necessary to purchase an Interest as well as 100% of the wired funds must be received by the General Partner (by facsimile or otherwise) at least **three (3) Business Days** prior to the applicable subscription date, unless waived by the General Partner. If a Limited Partner's initial or additional capital contribution and a copy of the Limited Partner's fully completed and executed Subscription Agreement is received less than **three (3) Business Days** prior to the applicable subscription date, then the General Partner, in its sole and absolute discretion, shall have the option to (i) cause the Fund to deem such capital contribution to have been made as of the applicable subscription date and in such event, the Fund, in the sole and absolute discretion of the General Partner, may charge such Limited Partner interest on such capital contribution equal to the average current yield on the Fund's cash and cash equivalents for the period from the subscription date until the date the capital contribution amount or fully completed and executed Subscription Agreement (as applicable) is received, or (ii) place such capital contribution in an interest bearing account until the next subscription date. If option (ii) is selected by the General Partner, any interest earned thereon will be credited to the Limited Partner.

Withdrawals

Each Limited Partner may generally, subject to the minimum withdrawal requirements below, withdraw some or all of the value relating to a capital contribution for Interests valued as of the last Business Day of each calendar quarter (each, a "*Withdrawal Date*").

Withdrawals require at least **thirty (30) days'** prior written notice to the Fund. For the purpose of determining the net asset value of a Limited Partner's Interest, all withdrawals shall be deemed made as of the applicable Withdrawal Date.

The General Partner, in its sole and absolute discretion, may treat a request by a Limited Partner for the partial withdrawal of such Limited Partner's Interest that would result in the aggregate value of the withdrawing Limited Partner's Interest being less than $50,000 as a request for the withdrawal of all of such Limited Partner's Interest.

The General Partner may suspend the determination of net asset value, withdrawals, capital contributions and/or the payment of withdrawal proceeds in certain circumstances.

In the case of a withdrawal by a Limited Partner of all or a portion of such Limited Partner' Interest, payment of the amount withdrawn (calculated on the basis of unaudited data) will be made within **thirty (30) days** following the applicable Withdrawal Date, without interest. Notwithstanding the foregoing, the dates for payment of withdrawal proceeds shall be determined by the General Partner in its sole and absolute discretion, and a withdrawing Limited Partner shall be notified of the intended date of payment as soon as practicable following the applicable Withdrawal Date; provided, the General Partner shall retain the powers to suspend the determination of net asset value, withdrawals, capital contributions and the payment of withdrawal proceeds through (and including) the intended date of payment.

Withdrawal proceeds generally will be paid in U.S. Dollars, although the General Partner, in its sole and absolute discretion, may pay all or a portion of the amount withdrawn in kind. In the event that the General Partner pays withdrawal proceeds in kind, the General Partner shall determine the value of such in kind

payments in the manner set forth in this Memorandum. A withdrawal request, once submitted, may not be rescinded without the consent of the General Partner.

In connection with a withdrawal, the General Partner may, in its sole and absolute discretion, require the withdrawing Limited Partner to pay a fee to the Fund that is sufficient to cover (but does not exceed) all reasonable expenses connected with the withdrawal, including, without limitation, legal fees.

The General Partner may, in its sole and absolute discretion, waive, reduce or vary any notice periods, minimum amounts, conditions to withdrawal, periods for or terms of remittance of withdrawal proceeds, or other requirements or limitations relating to withdrawals.

Suspension of Determination of Net Asset Value, Withdrawals, Etc.

The General Partner may suspend the determination of net asset value, withdrawals, capital contributions and/or the payment of withdrawal proceeds (i) during any period in which the payment of withdrawal proceeds, in the opinion of the General Partner, would result in the violation of applicable law; (ii) during any period when any stock exchange or over-the-counter market on which a substantial portion of the Fund's investments are quoted, traded, listed or dealt in is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended; (iii) during any period in which there exists any state of affairs during which, in the opinion of the General Partner in its sole and absolute discretion, the determination of net asset value or the disposal of any part of the Fund's investments would not be reasonably practicable and might be materially prejudicial to the Fund or its Limited Partners; (iv) when a breakdown occurs in any of the means normally employed in ascertaining the value of a substantial portion of the Fund's investments or when for any other reason the value of a substantial portion of the Fund's investments or other assets (or the Fund's net asset value) cannot reasonably or fairly be ascertained; (v) when the General Partner determines in its sole and absolute discretion that such suspension is in the best interests of the Fund or the Partners; or (vi) during any period in which the Fund suspends the determination of its net worth, withdrawals, subscriptions or the payment of withdrawal proceeds under circumstances relating to the Fund that are analogous to those described in clauses (i) through (iv) above. All Limited Partners will be notified of any suspension and the termination of a suspension prior to the date upon which withdrawal proceeds will be paid. During the suspension period, withdrawal requests may be rescinded by the applicable Limited Partner. To the extent that a withdrawal request is not rescinded by a Limited Partner, the withdrawal shall be effected as of the first Withdrawal Date following the termination of suspension of withdrawals, subject to the withdrawal terms discussed herein and in the Partnership Agreement. During any period when withdrawals or payment of withdrawal proceeds are suspended, the General Partner may, in its sole and absolute discretion, offer to all Limited Partners, including Limited Partners who had requested a withdrawal, the option of exchanging their Interests for interests in a different Class of Interests, subject to applicable law.

Mandatory Withdrawals; Expulsion of a Limited Partner

The General Partner may compulsorily withdraw all or any part of a Limited Partner's Interest at any time for any reason or for no reason, upon not less than **one (1) calendar day's** written notice to such Limited Partner. Such expulsion could occur because, among other things, the Interest could be considered "beneficially owned" by a person who is not a accredited investor or qualified client for purposes of the exclusion from treatment as an "investment company" under Section 3(c)(1) of the Investment Company Act or the exemption available to the Investment Manager under the California Code of Regulations. It could also occur because the General Partner, in its sole and absolute discretion, determines that the expulsion is in the best interests of the Fund. Mandatory withdrawals will generally be effective as of the date the General Partner notifies the Limited Partner of the withdrawal. However, where the Limited Partner's continued ownership of its Interest could, in the General Partner's sole and absolute discretion, jeopardize the Fund's ability to remain excluded from the definition of "investment company" under Section 3(c)(1) of the Investment Company Act or the Investment Manager's ability to remain exempt from the requirement to register as an investment adviser with the State of California, the effective date may be an earlier time. If a Limited Partner dies or becomes bankrupt, insolvent or incompetent, he, she or it may be deemed to have withdrawn effective at the end of the quarter in which the event occurred.

CERTAIN TAX CONSIDERATIONS

The following discussion summarizes certain aspects of the U.S. federal income taxation of the Fund and the Partners that a potential investor should consider. This discussion is based on the Internal Revenue Code of 1986, as amended (the "*Code*"), Treasury regulations under the Code (the "***Regulations***"), and court decisions and published rulings of the Service, all as in effect on the date of this Memorandum. It does not take into account the possible effect of future legislation, regulatory or administrative changes or court decisions. The Fund has not sought nor will it seek any rulings from the Service as to any particular tax consequences. If any particular matter were contested, a court might reach a conclusion contrary to those expressed below. Future legislation, administrative action, or court decisions may change this discussion significantly, and any such changes or decisions may have a retroactive effect as to the transactions contemplated herein. The General Partner's legal counsel has no continuing obligation to advise the Fund, or any Limited Partner of any changes in the law that may affect the Fund or the Partners or that may otherwise cause any part of the following summary to be inaccurate. This summary does not purport to address all aspects of U.S. federal income taxation that may be relevant to a prospective investor, nor is it intended to be applicable to all Partners, some of which, such as financial institutions, insurance companies, or entities, may be subject to special rules.

BECAUSE (i) THE U.S. FEDERAL INCOME TAX LAWS APPLICABLE TO LIMITED PARTNERSHIPS AND SECURITIES TRANSACTIONS ARE EXTREMELY COMPLEX, AND (ii) THE FOLLOWING SUMMARY DOES NOT PURPORT TO BE AN EXHAUSTIVE OR COMPLETE DESCRIPTION OF ANY SUCH INCOME TAX CONSEQUENCES, PERSONS CONSIDERING AN INVESTMENT IN THE FUND SHOULD **CONSULT THEIR OWN TAX ADVISERS** TO UNDERSTAND FULLY THE FEDERAL, STATE, LOCAL,FOREIGN AND NON-INCOME TAX CONSEQUENCES OF SUCH AN INVESTMENT IN LIGHT OF THEIR OWN PARTICULAR SITUATION.

TREASURY DEPARTMENT CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS AND LIMITED PARTNERS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY PROSPECTIVE INVESTORS OR LIMITED PARTNERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON PROSPECTIVE INVESTORS OR LIMITED PARTNERS UNDER THE CODE; (II) SUCH DISCUSSION IS INCLUDED HEREIN BY THE FUND IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE FUND OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) EACH PROSPECTIVE INVESTOR AND LIMITED PARTNER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Characterization of the Fund

Under so-called "check-the-box" regulations, a business entity formed as a limited partnership under state law with at least two members may be classified as a "partnership" for federal income tax purposes unless it affirmatively elects to be taxed as a corporation. The Fund will not make such an election. However, limited partnerships that are considered "publicly-traded" will be treated as corporations for federal income tax purposes. Being so characterized would substantially adversely affect Partners' after-tax income. Certain Regulations provide "safe harbors" in which limited liability companies may rest assured that they are not "publicly-traded." The Fund expects to satisfy at least one of the safe harbors at all times. Under the Partnership Agreement, the General Partner may suspend Partners' withdrawal rights if the General Partner determines that such withdrawals could cause the Fund to be considered "publicly-traded." In many years the nature of the Fund's income may enable the Fund to qualify for an exception to the publicly-traded partnership provisions of the Code, regardless of the level of withdrawals.

The remainder of this discussion assumes that the Fund will be treated as a partnership, and not taxable as a corporation, for all U.S. federal, state and local tax purposes.

TAXATION OF THE FUND

Taxation of Limited Partners on Profits and Losses. The Fund, as an entity (assuming that it is treated as a partnership for federal income tax purposes), is a "pass-through" entity, and is not subject to any federal income tax. As a result, each Limited Partner, in computing its own federal income tax liability for a taxable year, is required to take into account its allocable share of all items of income, gain, loss, deduction or credit from the Fund for all taxable years of the Fund ending within or with the Limited Partner's taxable year, regardless of whether such Limited Partner has received any distributions from the Fund. Thus, a Limited Partner's income tax liability in a particular year may exceed the amount of cash actually received by it. The character of an item of income or loss (e.g., as capital gain or ordinary income) usually is the same for the Limited Partners as for the Fund.

Fund Allocations. Allocations of partnership profits and losses are valid under applicable Treasury regulations if they meet the "substantial economic effect" test, or are made in accordance with a partner's interest in the partnership. However, because such Treasury regulations are complex and because of the absence of significant administrative or judicial interpretation of the Treasury regulations, there is no assurance that the regulations would not be interpreted by the Service in a manner materially adverse to the Limited Partners. If the allocations provided by the Partnership Agreement are not accepted by the Service for federal income tax purposes, the amount of income or loss, if any, allocated to any Limited Partner for federal income tax purposes may be increased or reduced.

To achieve tax results similar to those that would be achieved if the Fund made a Section 754 election upon such events as a Limited Partner withdrawal (see "Section 754 Election," below), without actually making the election (thereby avoiding certain accounting costs and complexities), the General Partner intends to allocate gains or losses to withdrawing Partners in an amount equal to the difference between those Partners' Capital Account balances at the time of the withdrawal and the tax basis for their Interests at that time. To the extent such special allocations are made, a withdrawing Limited Partner will be allocated income or gain from Fund activities in the year in which the withdrawal is effective, rather than recognizing a capital gain in the same amount in the year in which the payment for the withdrawal is received. This could result in some acceleration of taxable income if the withdrawal is close to the end of a taxable year, and could also result in the withdrawing Limited Partner being taxed at ordinary income rates on some or all of the amounts that would otherwise be taxed at favorable long-term capital gain rates. Furthermore, the Service may challenge such an allocation as being without "substantial economic effect" and not in accordance with Partners' interests. If such a challenge were successful, the remaining Partners could be considered to have underreported income and gains for the year for which the allocation was made and the Fund and those Partners could be subject to additional taxes as well as interest and penalties.

Dividends. Currently, the maximum tax rate for "qualified dividend income" is 20% (including dividends received by a partnership to the extent allocated to partners who are individuals). This reduced rate generally applies to dividends paid by U.S. corporations and corporations incorporated in a U.S. possession (and to certain foreign corporations if they are eligible for benefits under a U.S. tax treaty that the Secretary of the Treasury determines has sufficiently comprehensive provisions). In addition, dividends generally will qualify for the reduced rate if paid on shares of a foreign corporation that are traded on an established U.S. securities market. However, there are a number of special exceptions that will cause dividends to be ineligible for the reduced rate. In particular, each of the following will continue to be taxed at ordinary income rates (which currently can be as high as 37%), and will not qualify for the reduced rate: (i) dividends paid by tax-exempt corporations; (ii) dividends paid by PFICs; (iii) dividends received with respect to stock owned for less than the required holding period; and (iv) dividends received with respect to stock as to which the taxpayer holds an offsetting position in the same stock, or in substantially similar or related property. Furthermore, substitute payments in lieu of a dividend, made for example with respect to stock on loan in a short sale, will not qualify for the reduced tax rate. Finally, dividends that otherwise would eligible for the reduced tax rate will not be considered eligible if the taxpayer affirmatively elects to include the dividend as investment income for purposes of the investment interest limitation (discussed below).

Contributions. Generally, a contribution of cash to the Fund will not be a taxable event to the contributing Limited Partner or to the Fund. Although it may accept securities or any other property as a contribution to

the Fund, the General Partner generally does not expect to do so. A Limited Partner that contributes securities to the Fund could be subject to tax on any appreciation in those securities at the time of contribution; however, no loss would be allowed at the time of contribution if the securities had declined in value.

Basis. A Limited Partner's adjusted basis for his or her Interest will equal his or her initial basis in the Interest (*i.e.*, cash contributed) increased by (a) any further capital contributions, (b) his or her distributive share of Fund income (including tax-exempt income) and (c) any increase in his or her share of any debt of the Fund and decreased (but not below zero) by (x) distributions (including withdrawals) made to him or her, (y) his or her distributive share of any Fund deductions or losses, and (z) any decrease in his or her share of any debt of the Fund.

Distributions. A Limited Partner may be taxed on his or her "distributive" share of the Fund's taxable income or gain regardless of whether he or she has received any distribution from the Fund. Because no regular distributions are contemplated, a Limited Partner may have to withdraw capital from the Fund in order to pay tax liabilities arising from the allocation of his or her share of Fund taxable income. Furthermore, in light of the restrictions on withdrawals imposed by the Partnership Agreement, and the possibility that a withdrawal may be funded with securities (which may be illiquid) rather than cash, it is possible that, notwithstanding the withdrawal provisions, the only source for payment of such tax liabilities would be from the Limited Partner's funds from sources other than the Fund.

The proceeds of withdrawals are generally considered "distributions" for income tax purposes. Whether a particular distribution (generally upon a withdrawal of capital) causes the Limited Partner receiving it to realize taxable income or loss depends on whether assets other than cash are distributed, whether the Limited Partner remains a Limited Partner after the distribution/withdrawal (*i.e.* whether the distribution "liquidates" the Limited Partner's Interest), and the relation of the cash distributed to the Limited Partner's basis in his or her Interest in the Fund.

Non-Liquidating Distributions. When a Limited Partner remains a Limited Partner after a withdrawal or other distribution, a distribution generally will cause him or her to realize taxable income *only* if and to the extent the cash distributed exceeds the Limited Partner's adjusted basis in his or her Interest. For these purposes, any decrease in a Limited Partner's share of Fund debt will be treated as a distribution of cash to the Limited Partner. Distributions to continuing Limited Partners will *not* cause taxable losses to be realized. Cash distributions will reduce the receiving Limited Partner's basis in his or her Interest. Taxable gain upon a distribution would generally be taxable as short-term or long-term capital gain, depending on the Limited Partner's holding period for the Interest. However, as discussed above, the General Partner intends, upon partner withdrawals to specially allocate income, gain and losses to the withdrawing Limited Partners in a manner that could convert what would otherwise be capital gains to ordinary income or long-term capital gains into short-term capital gains. *See* "Fund Allocations" above. In addition, in the unlikely event the Fund is deemed to have "unrealized receivables" (including unrealized income from certain bonds acquired at a discount) or "inventory" at the time of a distribution, Section 751 of the Code could require different treatment. *See* "Section 751" below.

A distribution of property other than cash (*i.e.*, securities) to a continuing Limited Partner should not result in taxable income or loss to the Fund or to the receiving Limited Partner (again, except to the extent Section 751 applies).[1] The receiving Limited Partner's basis in the distributed property will be the lesser of (i) the adjusted basis of the property in the hands of the Fund and (ii) the adjusted basis of the Limited Partner's Interest (after reduction for any cash he or she received as part of the distribution). The basis of a Limited Partner's Interest will be reduced by the basis of the property distributed to that Limited Partner.

Liquidating Distributions. When a Limited Partner withdraws from the Fund completely (or his or her Interest is terminated because the Fund is liquidated), as with non-liquidating distributions, he or she will recognize

[1] Generally, for partnerships *other than* "investment partnerships," distributions of marketable securities are treated like distributions of cash and can result in taxable income. However, the Fund expects to qualify as an "investment partnership" and Partner to be "eligible partners" within the meaning of certain rules. This discussion is based on those expectations.

gain only to the extent the cash distributed exceeds the adjusted basis in his or her Interest in the Fund. Unlike with non-liquidating distributions, loss may be recognized if no property other than cash is distributed and the cash distributed is less than the Limited Partner's adjusted basis in his or her Interest. If property other than cash is distributed, although gain will be recognized to the extent the cash exceeds the Limited Partner's adjusted basis, no loss will be recognized, regardless of the value of the non-cash property distributed. To the extent capital gain or loss is recognized by a Limited Partner on a withdrawal, then the capital gain or loss recognized will be long-term or short-term or will be divided between long-term and short-term capital gain or loss depending on the timing of the Limited Partner's contribution to the Fund. The Limited Partner's basis in non-cash property so distributed will be equal to the adjusted basis of his or her Interest immediately before the distribution decreased (but not below zero) by any cash received in the liquidation. *But see* "Section 751" below.

Section 754 Election. Due to the complexities involved in making a Section 754 election, the Fund does not intend to make such an election.

Transfers and Withdrawals with "Built-in Losses." Certain Code provisions intended to prevent the transfer of losses among Partners could require the Fund to make basis adjustments under certain circumstances similar to those required by Section 754. Unless the Fund is eligible to make, and makes, an election to be subject to certain alternative rules, the Fund must make downward basis adjustments following (i) a transfer of an interest (including upon death) at a time when the Fund has a "substantial built-in loss" (the total basis in all the Fund's assets is at least $250,000 more than the total value of those assets at the time of transfer); or (ii), a transfer or liquidation of a Limited Partner's Interest if such Limited Partner contributed property to the Fund with a built-in loss and such transfer or liquidation occurs at a time when the Fund holds property with more than a $250,000 built-in loss. In addition, the Fund may make such adjustments following any distribution of Fund property to a Limited Partner with respect to which there is a substantial basis reduction as would be required if a Section 754 election were in effect (e.g., a downward adjustment of more than $250,000). These requirements could be burdensome to the Fund. To avoid them in connection with complete withdrawals, while ensuring that remaining Partners receive tax treatment similar to that contemplated in these provisions, the General Partner expects to allocate items of loss to any withdrawing Limited Partner whose capital account value at the time of the withdrawal is less than his or her tax basis.

Limitations on Deductions. The ability of certain Limited Partners to deduct or otherwise utilize Fund losses or deductions allocated to them may be limited by special provisions of the Code, including, but not limited to, the following:

Adjusted Basis of an Interest. A Limited Partner may not deduct losses in excess of the adjusted basis of his or her Interest at the end of the year in which the loss is incurred. Losses in excess of a Limited Partner's adjusted basis may be carried over to succeeding taxable years when the same limitation will apply. *See* "Basis" above.

Amounts at Risk. The amount of loss an individual or a closely-held "C" corporation may deduct is limited to the amount that a Limited Partner is "at risk" as to the Fund. Where such a Limited Partner has financed an investment in the Fund with certain types of nonrecourse borrowing, that Limited Partner's amount "at risk" could be less than his or her adjusted basis in his or her Interest. In addition, in the unlikely event the Fund borrowed on a nonrecourse basis, certain of those borrowings could increase a Limited Partner's basis without increasing his or her amount at risk.

Capital Gains and Losses. Net capital losses allocated to a Limited Partner for a taxable year will be deductible by a Limited Partner that is a corporation to the extent of the Limited Partner's capital gains and by an individual Limited Partner to the extent of his or her capital gains plus $3,000. An individual Limited Partner may carry forward any unused capital loss indefinitely to succeeding taxable years and a corporate Limited Partner generally will be entitled to a three-year carryback and a five-year carryforward of any unused capital loss.

Passive Losses and Income. Under Temporary Regulations, Fund income or loss should not be characterized as "passive" for purposes of applying the tax rules relating to the deductibility of losses from "passive activities."

Limitations on Interest Deductions. The deduction by a Limited Partner of its allocable share of interest expense of the Fund, or of any interest expense of the Limited Partner paid or accrued on indebtedness properly allocable to its Interest, may be subject to the investment interest limitation rules of Section 163(d) of the Code. Section 163(d) of the Code limits an individual taxpayer's deduction of investment interest expense in any year to its net investment income from all investment activities (i.e., the excess of income from interest, dividends and gain from the disposition of investment property over expenses incurred in earning such income) for such year. Subject to certain elections, the Code generally excludes net capital gains attributable to the disposition of investment property from investment income for purposes of computing this investment interest deduction limitation. For this purpose, property held for investment includes property that produces income that would be "portfolio income" under the passive activity loss rules and any interest in a trade or business activity that is not a passive activity and in which the holder does not materially participate. Any item of income or expense taken into account under the passive activity loss limitation is excluded from investment income and expense for purposes of computing net investment income. The amount disallowed may be carried over to and deducted in subsequent years to the extent it would be deductible if incurred in that year. This limitation, if applicable, will be computed separately by each Limited Partner and not by the Fund.

Limitations on Syndication Cost Deductions. Costs of offering and selling Interests, generally referred to as "syndication costs," are not deductible by the Fund's Limited Partners. The Fund does not currently expect those costs to be significant, in part because the Fund does not expect to pay commissions or similar compensation to third parties for offering or selling Interest. However, should the General Partner enter into arrangements pursuant to which it pays a third party for activities related to offers and sales of Interests, some or all of those payments could be considered syndication costs and therefore not deductible by the General Partner. If any such payments were to be made by the Fund (*e.g.*, if offset by reductions in amounts otherwise payable to the General Partner), to the extent they constituted syndication costs, they would not be deductible by the Limited Partners of the Fund.

Medicare Contribution Tax. A 3.8% Medicare contribution tax will generally apply to all or a portion of the net investment income of a U.S. Limited Partner that is an individual, that is not a nonresident alien for U.S. federal income tax purposes, and that has adjusted gross income (subject to certain adjustments) that exceeds a threshold amount ($250,000 if married filing jointly or if considered a "surviving spouse" for U.S. federal income tax purposes, $125,000 if married filing separately, and $200,000 in other cases). This 3.8% tax will also apply to all or a portion of the undistributed net investment income of certain Limited Partners that are estates and trusts. For these purposes, a U.S. Limited Partner's distributive share of income characterized as interest, dividend and capital gain income from the Fund will generally be taken into account in computing such Limited Partner's net investment income.

Section 751. The tax consequences of partially or completely terminating an interest in a partnership (either through distributions, or sales to third parties) can be quite complex if the provisions of Section 751 of the Code apply. Because substantially all of the Fund's assets are expected to be characterized as capital assets, the General Partner does not believe Section 751 should apply. However, if the Fund were to have "unrealized receivables" or "inventory" at the time of a distribution, withdrawal, or sale of a Limited Partner's Interest, Section 751 might transform non-taxable distributions into taxable distributions and/or convert capital gain into ordinary income. "Unrealized receivables" would include, among other things, unrealized income for the year from certain bonds the Fund acquired at a discount from the bond's stated redemption price.

Any Limited Partner who sells or exchanges an Interest at a gain must notify the Fund in writing if any of that gain is attributable to his or her share of the Fund's Section 751 Property. The Fund must notify the Service of any sale or exchange of an Interest implicating Section 751. Limited Partners are urged to consult their own tax advisers regarding the potential adverse effect of Section 751 on such transactions.

Tax Shelter Reporting Requirements

The Fund does not intend to invest in "reportable transactions" under the Regulations.

ADMINISTRATIVE MATTERS

Audits. Each Limited Partner must either report all partnership items consistently with the treatment by the Fund or disclose specifically in his or her tax return any differences between the manner in which a partnership item is treated on his or her return and on the Fund's return. Such disclosure may be necessary to avoid the penalty for understatement. Because the General Partner does not expect to notify Limited Partners as to the basis for items reported on the Fund's return or the Schedules K-1, Limited Partners, or their tax advisors, may wish to ask the General Partner about significant reported items if they wish to make a systematic evaluation of their exposure to this penalty. If it is finally determined that a taxpayer has underpaid tax for any taxable year, the taxpayer must pay the amount of underpayment plus interest on the underpayment from the date the tax was originally due.

In general, the tax treatment of all partnership items will be determined in a unified audit rather than in an audit of the individual Limited Partners. Audits will generally be handled by the Tax Matters Partner (the "***TMP***"), but other Limited Partners will be entitled to participate in the audit and appellate conference. The General Partner will be the TMP for the Fund. If a deficiency is proposed by the Service, a notice of final partnership administrative adjustment will be issued. The TMP can contest that determination on behalf of the Fund in the Tax Court or other court of its choice. If the TMP chooses to contest the deficiency, other Limited Partners can join the proceeding but cannot bring separate actions.

The statute of limitations applicable to partnership items differs from the statute applicable to each Limited Partner's individual return. The TMP has the authority to extend the statute of limitations on behalf of the Fund. Any extension will be binding on the Limited Partners.

An audit of the Fund's return may result in the disallowance, reallocation or deferral of deductions claimed by the Fund. The audit may also result in the recharacterization of transactions which the Fund treated as taxable as nontaxable, or in treatment of investment income as ordinary income, or treatment of items which the Fund reported as long-term capital gain or ordinary loss as capital loss. Any such change may trigger additional tax and interest. An audit by the Service also could affect a Limited Partner's liability for state and local taxes.

If the Service audits the Fund's tax returns, an audit of the Limited Partners' own returns may result, and adjustments may be made to items reported on the Partners' tax returns unrelated to the Fund. The legal and accounting costs incurred in connection with any audit of the Fund's tax return will be borne by the Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by the Limited Partner.

Penalties and Interest on Deficiencies. The Code imposes a penalty of 20% for certain underpayments of tax liability, including those caused by negligence or disregard of the rules or regulations and substantial understatements of tax liability. An understatement is "substantial" if it exceeds the greater of 10% of the tax required to be shown on the return or $5,000 ($10,000 for corporations other than S corporations and personal holding companies).

Interest on deficiencies is compounded daily from the date the tax was due until it is paid. For individuals, the rate will equal the federal short-term rate plus three (3) percentage points and is redetermined quarterly. Interest paid on tax deficiencies is not deductible by individuals. For an underpayment by a corporation exceeding $100,000, the interest rate may be the federal short-term rate plus five (5) percentage points. However, in the case of individuals who timely file a U.S. tax return, the interest is suspended for the period beginning **one (1) year** after the date on which the return is filed (or the due date of the return, if later) and ending **twenty-one (21) days** after the Service provides notice to the taxpayer stating the taxpayer's liability and the basis for the liability. This exception does not apply to interest with respect to any tax liability shown on the return and certain other interest.

State and Local Taxes

Limited Partners should consult their own tax advisers as to the application of income and other taxes imposed in their states of residence, and in states where they are engaged in business, with respect to their investment in the Fund.

Foreign Taxes

The Fund may invest in securities of entities that do business in foreign countries. Many foreign sovereigns impose a withholding tax on payments of interest, dividends and capital gains to investors residing in other countries that are not otherwise subject to tax by that sovereign. Some potential withholding taxes may be reduced or eliminated under tax treaties. Any withholding taxes imposed will be treated as distributions to the appropriate Limited Partners in the period in which such taxes are withheld. The corresponding foreign tax payments will be allocated to Limited Partners based on the deemed distribution for purposes of claiming a foreign tax credit or deduction.

Taxation of Non-U.S. Limited Partners

A Limited Partner who is a nonresident alien individual, foreign corporation, foreign partnership, foreign trust or foreign estate (a "***non-U.S. Partner***") generally is not subject to taxation by the United States on income or gain realized by the Fund from its trading activities, provided that the Fund is not engaged, or deemed to be engaged, in a U.S. trade or business to which such income or gain is treated as effectively connected, and provided further that such non-U.S. Partner (in the case of an individual) does not spend more than 182 days in the United States during his or her taxable year, and provided further, that such non-U.S. Partner is not engaged in a trade or business within the United States during a taxable year as to which income, gain or loss of the Fund is treated as effectively connected. The Fund should not be considered to be engaged in a U.S. trade or business for the foregoing purposes, so long as (i) the Fund is not considered a dealer in stock, securities or commodities and does not regularly offer to enter into, assume, offset, assign or otherwise terminate positions in derivatives with customers, (ii) the U.S. business activities of the Fund consist solely of trading in stock, securities, commodities and derivatives for its own account (and, in the case of commodities, is limited to trading in commodities of a kind customarily dealt in on an organized exchange in transactions of a kind customarily consummated at such place) and (iii) the Fund does not invest in entities treated as partnerships for U.S. federal income tax purposes that are so engaged. In the event the Fund were found to be engaged in a United States trade or business, a non-U.S. Partner would be required to file a United States federal income tax return for such year and pay tax at full United States rates and, in the case of a non-U.S. Partner that is a foreign corporation, an additional 30% branch profits tax might be imposed. In addition, in such event the Fund would be required to withhold taxes from the income or gain allocable to such a Partner under Section 1446 of the Code.

Interest income (other than certain contingent interest) allocable to a non-U.S. Partner should generally not be subject to United States federal income tax withholding, provided the non-U.S. Partner is not engaged in a trade or business within the United States and provides the Fund with Form W-8BEN or its equivalent. However, any United States sourced fixed or determinable annual or periodic gains, profits or income allocable to a non-U.S. Limited Partner (possibly including short stock rebates) will be subject to U.S. withholding tax at a statutory rate of 30% (subject to reduction by applicable tax treaty). The Fund's tax return as filed with the IRS will be required to include a list of all non-U.S. Limited Partners.

The foregoing discussion is not intended as a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment in the Fund may not be the same for all taxpayers. ACCORDINGLY, PROSPECTIVE INVESTORS IN THE FUND ARE URGED TO CONSULT THEIR TAX ADVISORS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION UNDER FEDERAL LAW AND THE PROVISIONS OF APPLICABLE STATE, LOCAL AND OTHER LAWS BEFORE SUBSCRIBING FOR INTERESTS.

CERTAIN REGULATORY MATTERS

The Fund, the Investment Manager, and the General Partner are subject to various federal and state securities, commodities and other laws and regulations that may limit the Fund's activities. Failure to comply with such laws and regulations could subject the Fund to substantial sanctions.

The Investment Company Act of 1940. The Fund is not registered as an investment company under the Investment Company Act on the basis of the exclusion contained in Section 3(c)(1) of that Act. If the Fund were considered an "investment company" within the meaning of the Investment Company Act, it would be subject to numerous requirements and restrictions relating to its structure and operation. If the Fund were required to register as an investment company under the Investment Company Act and to comply with these requirements and restrictions, it would have to make significant changes in its proposed structure and operations, which could adversely affect its business.

Due to the complexities involved in the interpretation of the Investment Company Act, there can be no assurance that the Fund's eligibility for exclusion from regulation under the Investment Company Act will not be challenged. Should the 3(c)(1) exclusion cease to be available, the Fund, the Investment Manager and the General Partner could be subject to legal action by the SEC and others, possibly resulting in financial losses and the termination of the Fund's business.

Although the General Partner believes registration and regulation under the Investment Company Act would impair the Fund's ability to achieve its investment objectives, the Investment Company Act does provide protections that will not be available to investors in the Fund. For example, a registered investment company must have a board of directors, a majority of which, as a practical matter, must be independent of its investment adviser (the Investment Manager), and is restricted in its relationship with and compensation to its affiliates and in its capital structure. In addition, the Investment Company Act requires an investment company to state definite policies as to certain enumerated types of activities and, in some cases, forbids the investment company from changing those policies without approval by the investment company's shareholders. By contrast, the Fund's investment activities, as described above in "Investment Objective, Strategy and Policies," provide the General Partner with extremely broad discretion to determine *and to change* the Fund's investment program without consulting the Partners.

Securities Dealer Status. Although the Investment Manager believes the Fund is not a "dealer" within the meaning of the Exchange Act and, accordingly, does not intend to register the Fund as such, it is possible that the SEC or a court could find that the Fund's business does make it a "dealer." In such an event, the Fund could be fined, and could be prevented from continuing its business, either temporarily or permanently. If the Fund were required to register as a "dealer," its operating expenses would increase significantly, its activities would be restricted, and its profitability would suffer.

Investment Adviser Regulation. The Investment Manager is not currently registered with the SEC as an investment adviser under the Advisers Act and is exempt from the requirement that it be "certified" before acting as an investment adviser in the State of California because it is a private fund adviser to a qualifying private fund, as those terms are used in §260.204.9 of the California Code of Regulations. If, in the course of its activities (both those relating to the Fund and others), the Investment Manager were found to have violated any laws or regulations applicable to investment advisers, it could be subject to significant penalties and sanctions and its ability to manage the Fund's investment portfolio could be impaired.

Other. The Fund, the Investment Manager and the General Partner are subject to various securities laws and regulations that could limit some aspects of the Fund's operations or subject the Fund, the General Partner or the Investment Manager to the risk of sanctions for noncompliance.

NET ASSET VALUE

The Fund's net asset value is determined for all purposes (such as calculating profits and losses) by or at the direction of the General Partner as of the close of business on the last day of each period for which calculations are required in accordance with the provisions of the Partnership Agreement. Generally, securities are valued (i) at their last published sale price, if they are listed on an established securities exchange or on Nasdaq, or (ii) if last sales prices are not published, at the mean of the highest closing "bid" price and the lowest closing "asked" price as recorded by the composite tape system or such principal exchange, as the case may be. When the Investment Manager determines that market prices or quotations do not fairly represent the value of a security in the Fund's portfolio (for example, if a security is a restricted security of a class that is publicly traded, or if the Fund owns a large block of a security), the Investment Manager may assign a different value. In these cases, the General Partner may, but is not required to, cause the Fund to obtain independent valuations of assets and to establish procedures by which Partners may be entitled to approve or replace the person performing the valuation. Where an asset for which no established market exists has been valued in any of these ways, the Fund could, under some circumstances, suffer adverse effects if the Fund were unable to obtain the value for that asset assigned by the Investment Manager or by the person performing the independent valuation. Determinations of net asset value will be conclusive and binding on all Partners unless the General Partner or the Investment Manager has been found to have used bad faith or there is a manifest error involved.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The rights and obligations of Partners are governed by the Partnership Agreement, attached as **Exhibit A**. The following briefly summarizes certain provisions of the Partnership Agreement that are not described elsewhere in this Memorandum. Prospective investors are urged to read the Partnership Agreement in its entirety before subscribing.

General

The Fund has been organized as a limited partnership under the Delaware Revised Uniform Limited Partnership Act (the ***"Delaware Act"***). Infuse GP LLC, a Delaware limited liability company, is the sole General Partner of the Fund. As required by Delaware law, the Partnership Agreement provides that the General Partner has complete control of the business of the Fund and that the Limited Partners have no power to take part in the management of the Fund, except in certain limited circumstances as set forth in the Partnership Agreement. The General Partner, with its consent, may be removed with or without cause upon 90 days' written notice by Limited Partners holding a majority of the Interests.

Upon admission to the Fund, each Limited Partner acquires a partnership percentage interest in the Fund equal to the amount of his or her subscription as of the date of admission divided by the sum of the Capital Accounts of all Partners (including such Limited Partner) as of that day. A Limited Partner's partnership percentage interest is adjusted to take account of each additional subscription using the same technique. Each Partner's partnership percentage interest should be expected to increase or decrease proportionally as additional subscriptions or withdrawals of capital are made. The Fund currently offers one class of Limited Partnership Interest. In the future, the Fund may issue additional classes of limited partnership interests, each having its own characteristics as provided in the Partnership Agreement from time to time.

Allocation of Net Profit and Net Loss

Generally, Limited Partners (other than the Special Limited Partner) will share in the Net Profit and Net Loss of the Fund for each accounting period in proportion to their relative Capital Account balances as of the beginning of that period. For these purposes, Article IV of the Partnership Agreement provides detailed procedures for maintaining each Limited Partner's Capital Account and allocating Net Profit and Net Loss to such accounts. Whenever allocations are made, the Fund's portfolio securities will be "marked to market" so that Net Profit and Net Loss will include all portfolio gains and losses, whether realized or unrealized.

All other Fund income (such as interest) and all expenses (excluding other amounts that are specially allocated to particular Limited Partners) are calculated to arrive at Net Profit or Net Loss for that period. All securities are valued as described above under the heading "Net Asset Value."

In the event the General Partner determines that, based upon tax or regulatory reasons, or any other reasons as to which the General Partner and any Limited Partner agree, such Limited Partner (a "***Non-Participating Partner***") should not participate in a Net Profit or Net Loss attributable to trading in any security or type of security or to any other transaction or investment (each, a "***Restricted Investment***"), the General Partner may allocate such Net Profit or Net Loss attributable to such Restricted Investment only to the capital accounts of Limited Partners (each, a "***Participating Partner***") to whom such reasons do not apply.

In addition, if for any of the reasons described above, the General Partner determines that a Non-Participating Partner should have no interest whatsoever in a Restricted Investment, the interests in such Restricted Investment may be set forth in a separate memorandum account and the Net Profit or Net Loss allocable to each such memorandum account shall be separately calculated. Pursuant to this provision, the Fund will not allocate gains or losses attributable to "new issues", as such term is defined under applicable rules of FINRA, to Limited Partners who are not eligible to fully participate therein under such rules. Limited Partners will be asked to complete a questionnaire that will determine eligibility to participate in "new issues".

Capital Accounts generally are adjusted at the beginning and the end of each month (or at such other times determined by the General Partner in its sole and absolute discretion) to reflect allocations arising out of various events. Each Partner's Capital Account will be (i) increased to reflect additional capital contributions made as of the beginning of any period (less any expenses arising out of contributions of securities), and (ii) decreased to reflect withdrawals effective as of the end of the prior period (regardless of whether the amount of the withdrawal has actually been delivered to the Partner). As of the end of each period, each Partner's Capital Account is (i) decreased to reflect most types of distributions during the period and certain other allocations (such as operating expenses and expenses directly related to withdrawals by the Partner) and (ii) increased or decreased to reflect the Partner's share of Net Profit or Net Loss. The Net Profit and Net Loss allocable to a Partner reflect the pro rata deduction of the Management Fee and Performance Allocation (if any) attributable to such Partner, as well as the deduction of all Fund expenses.

Allocation of Taxable Income and Loss

The Fund attempts to allocate all items of taxable income, gain, loss, deduction and credit among the Partners (other than the Special Limited Partner) in a manner that the General Partner, in consultation with tax advisers, believes is consistent with the manner in which the economic benefits and burdens of the Fund are shared. The General Partner retains discretion to use any technique it considers appropriate and consistent with applicable income tax laws and regulations. See "*Certain Tax Considerations*."

Special Allocations of New Issues

From time to time the Fund may purchase equity securities issued in initial public offerings registered under the Securities Act ("***New Issues***"). The Financial Industry Regulatory Authority, Inc. ("***FINRA***") under FINRA Rule 5130 (the "***New Issues Rule***") has taken the position that members of the FINRA may not sell such securities to an account in which a member, or person affiliated with or related to a member, of the FINRA has an interest. Similar restrictions apply in the case of senior bank officers and certain other persons, including officers of registered investment advisory firms. The New Issues Rule does, however, permit New Issues allocations with regard to an account in which "restricted persons," as defined by the New Issues Rule ("***Rule 5130 Restricted Persons***"), hold, in the aggregate, 10% or less of the beneficial ownership. In addition, an account owned more than 10% by Rule 5130 Restricted Persons may participate in a New Issue provided that Rule 5130 Restricted Persons may not receive, in the aggregate more than 10% of the profits and losses from New Issues. Brokers participating offerings of New Issues are required to comply with the New Issues Rule. Therefore, unless the conditions of the exception described above are strictly

observed, the New Issues Rule prohibits these brokers from selling New Issues to the Fund if any of the Limited Partners is a Rule 5130 Restricted Person.

FINRA under FINRA Rule 5131 (the "***Anti-Spinning Rule***") also has taken the position that members of FINRA may not sell such securities to an account in which an executive officer or director of a public company or of certain covered non-public companies, or a person materially supported by such executive officer or director, has an interest (such persons, "***Rule 5131 Restricted Persons***", and collectively with Rule 5130 Restricted Persons, "***Restricted Persons***"). The Anti-Spinning Rule does, however, permit New Issues allocations with regard to an account in which Rule 5131 Restricted Persons hold, in the aggregate, 25% or less of the beneficial ownership. In addition, an account owned more than 25% by Rule 5131 Restricted Persons may participate in a New Issue provided that Rule 5131 Restricted Persons may not receive, in the aggregate more than 25% of the profits and losses from New Issues. Brokers participating offerings of New Issues are required to comply with the New Issues Rule. Therefore, unless the conditions of the exception described above are strictly observed, the New Issues Rule prohibits these brokers from selling New Issues to the Partnership if any of the Limited Partners is a Rule 5131 Restricted Person.

Under the General Partner's current policy, net profit or net loss from New Issues will be allocated to all Limited Partners, provided, that, Limited Partners that are Rule 5130 Restricted Persons (or who have elected to be treated as such) (the "***Rule 5130 Restricted Partners***") will be limited in their participation in the profits and losses attributable to New Issues to the lesser of such Rule 5130 Restricted Partners' collective interest in the Partnership or 10% (or any other permissible amount under any amendment, supplement or interpretation to the New Issues Rule) and Limited Partners that are Rule 5131 Restricted Persons (or who have elected to be treated as such) (the "***Rule 5131 Restricted Partners***", and collectively with Rule 5130 Restricted Partners, "***Restricted Partners***") will be limited in their participation in the profits and losses attributable to New Issues to the lesser of such Rule 5131 Restricted Partners' collective interest in the Partnership or 25% (or any other permissible amount under any amendment, supplement or interpretation to the Anti-Spinning Rule). In such cases, the General Partner may, but is not required to, debit the capital accounts of the participating investors with an interest-like charge on the purchase price of such investment and credit the capital accounts of all Partners with such amounts. Absent an available exemption under the New Issues Rule or Anti-Spinning Rule, as applicable, for purposes of allocating profits and losses from New Issues to a Limited Partner that is an entity (such as an investment fund, corporation, partnership or trust), such entity will be considered a Restricted Partner, if such entity allocates profits and losses from New Issues to any of its restricted beneficial owners. The General Partner reserves the right to vary its policy with respect to the allocation of New Issues as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, the New Issues Rule or the Anti-Spinning Rule and practical considerations, including administrative burdens and principles of fairness and equity.

To assist the General Partner in complying with the New Issues Rule, each Limited Partner subscribing for an Interest must provide information demonstrating whether such Limited Partner is a Restricted Person, an exempt account or entity, or otherwise not a Restricted Person. In order for a Limited Partner (such as another private fund) which is a non-exempt investment account or entity to avoid being considered a Restricted Person, such Limited Partner must demonstrate that is itself a qualifying account, as described above. Because of the administrative burden associated with the determination of whether each investor is eligible to participate in New Issues and the need to specially allocate profits and losses from New Issues, the General Partner may, in its sole discretion (i) decline to cause the Fund to participate in New Issues, (ii) decline to permit Restricted Persons to participate in New Issues, or (iii) treat any Limited Partner as a Restricted Partner.

Loss Recovery Accounts of Limited Partners

Losses allocated to a Limited Partner (other than the Special Limited Partner) in any quarter, including that Partner's pro rata share of the Fund's expenses, are carried forward to subsequent quarters and must be fully recovered by the allocation of subsequent New Trading Profits of the Fund before any part of such New Trading Profits are subject to the Incentive Reallocation; provided, however, that any Incentive

Reallocation made to the Special Limited Partner is not subject to repayment, reallocation or recapture due to subsequent losses by the Fund.

The Fund shall also maintain a memorandum loss recovery account (the "***Loss Recovery Account***") for each Limited Partner (other than the Special Limited Partner). The initial balance in each Loss Recovery Account shall be zero. The balance in the Loss Recovery Account shall be increased by the amount of net depreciation (expressed as a positive number) allocated to the corresponding capital account since the end of the immediately preceding quarter or other accounting period. The balance in a Loss Recovery Account shall be decreased, but not below zero, by the amount of any New Trading Profits allocated to the corresponding Limited Partner's capital account since the end of the immediately preceding quarter or other accounting period. A Limited Partner will not be subject to an Incentive Reallocation at any time that it has a balance in its Loss Recovery Account. If a Limited Partner has a positive balance in its Loss Recovery Account at the beginning of a quarter and is allocated New Trading Profits during that quarter that exceeds the balance of the Loss Recovery Account, only the New Trading Profits in excess of the beginning balance in the Loss Recovery Account is subject to the Incentive Reallocation.

If a Limited Partner with a positive balance in its Loss Recovery Account withdraws all or a portion of that Partner's capital account, the amount of the corresponding Loss Recovery Account shall be reduced immediately after the withdrawal by an amount equal to the product obtained by multiplying (a) the balance in such Loss Recovery Account as of such date, by (b) a fraction, (i) the numerator of which is the amount of the withdrawal made by such Limited Partner from such capital account, and (ii) the denominator of which is the Net Asset Value of such capital account immediately prior to the withdrawal.

If the Fund is dissolved other than at the end of a quarter or if a Limited Partner is permitted or required to withdraw all or part of its capital account other than as of the end of a quarter, the Incentive Reallocation shall be determined for the period from the commencement of the first day of a quarter through the dissolution or, with respect to a redeeming Limited Partner, the effective date of the withdrawal and allocated to the capital account of the Special Limited Partner.

Distributions

Distributions (other than in connection with withdrawals) are not expected, but may be made at such time and in such amounts as the General Partner may determine in its discretion. Any distributions (other than in connection with withdrawals) will be made in accordance with the Partners' relative Capital Account balances. In the General Partner's discretion, distributions, including in connection with withdrawals, may be made in securities held by the Fund.

Reserves; Adjustments for Contingencies

The General Partner is authorized to create reserves against contingent liabilities the General Partner may identify or become aware of and to accrue expenses and effect charges against Partners' Capital Accounts in such amounts as the General Partner, in its sole and absolute discretion, considers appropriate. Amounts designated for such reserves in any fiscal period will generally be deducted from the Capital Accounts of the Partners in proportion to the amounts of their Capital Account balances as of the beginning of that period, and any decreases in reserves in a period will generally be added to Capital Accounts of Partners as of the beginning of that period. However, the General Partner is authorized to make special allocations to capital accounts for any large reserves, expenditures, or receipts by the Fund that relate to earlier periods (and were not reflected in the calculation of net asset value or profits and losses at the time), and to give appropriate benefits to, and make appropriate assessments against, Partners who were Partners at the time of the event giving rise to the reserve, expenditure, or receipt, in proportion to their Capital Accounts at the time. In some cases, allocations may be made to persons who are no longer Partners. If the allocations are of reserves or expenditures and would reduce the amount those persons received upon withdrawal from the Fund, the General Partner may demand that the former Partners repay the applicable amount, with interest at a floating rate equal to LIBOR plus 3%, from the time the General Partner determines that the repayment be made. However, no former Limited Partner will be required to pay more than the amount of his or her capital account balance at the end of the period to which the charge

relates, and no demand may be made more than **four (4) years** after the former Limited Partner withdrew from the Fund. If the Fund is unable to collect any of these amounts, the uncollected amount will be reallocated among the current Partners who were Partners at the time of the event giving rise to the charge.

Admission of New Limited Partners and Acceptance of Additional Subscriptions

The General Partner may admit new Partners and accept additional subscriptions from existing Partners. New Partners will share in the Net Profit or Net Loss of the Fund on the same basis as the existing Partners in each Class in proportion to their Capital Accounts. The General Partner may also admit additional or successor general partners with the consent of a majority in interest of the Limited Partners. The General Partner and any general partners admitted in the future will share discretionary authority in whatever manner they agree between or among themselves.

Limitations on Transferability

Partners may not transfer their Interests except as permitted in Article XI of the Partnership Agreement. All transfers require the prior written consent of the General Partner, which may be withheld for any reason or conditioned upon opinions of counsel satisfactory to the General Partner that, among other things, registration under the Securities Act and applicable state securities laws is not required. Neither the Fund nor the General Partner is under any obligation, nor is it the Fund's intention, to register the Interests for resale. In connection with a transfer, the General Partner may, in its sole and absolute discretion, require the transferor and the transferee to pay a transfer fee to the Fund that is sufficient to cover all reasonable expenses connected with the transfer, including, without limitation, legal fees.

If a Limited Partner (after obtaining the appropriate consents) transfers its Interest, the transfer will be recognized for the purpose (other than tax allocations) of making distributions (if any) and allocating Net Profit or Net Loss as of the first day of the next month following receipt and acceptance by the General Partner of all required documentation. If the transfer occurs in the middle of a period, all Net Profit or Net Loss for the period in which the transfer occurs generally will be prorated between the transferor and the transferee based upon the number of days in the period that each was a holder of the Interest.

An assignee of an Interest will not be admitted as a substituted Limited Partner unless the General Partner specifically consents, which the General Partner may do or refuse to do in its sole and absolute discretion.

Voting Rights; Amendments

Except as otherwise expressly provided in the Partnership Agreement, the General Partner shall have the right, power and authority, in its sole and absolute discretion, to amend the Partnership Agreement without the vote, consent or other approval of the Limited Partners, for any reason whatsoever and Limited Partners shall have the right to approve **only** the following amendments by the Consent of a Majority in Interest of the Limited Partners: (i) any change in the calculation of the Management Fee or Incentive Reallocation that results in an increase in the fee or reallocation; (ii) any change in the manner in which the Fund's expenses are allocated among the Limited Partners that would result in a higher amount being payable by such Limited Partners; (iii) any change in the manner in which the net asset value of the Fund is allocated among the Limited Partners; (iv) any change in the scheduled Withdrawal Dates that would have the effect of making them less frequent or lengthen the notice period required for the Limited Partners to make withdrawals from the Fund; (v) the amendment of the provision of the Partnership Agreement relating to amendments that would amend the provisions of the Partnership Agreement relating to amendments; (vi) any modifications to the assignment of the General Partner's obligations under the Partnership Agreement; (vii) any modifications to the exculpation and indemnification provisions of the Partnership Agreement; (viii) subject to the requirements of Delaware law, any modifications to the limited liability of Limited Partners; (ix) subject to the requirements of Delaware law, any amendment permitting the recovery of a withdrawal or distribution made to a Limited Partner or former Limited Partner; (x) any modification of the power of attorney granted to the General Partner by each Limited Partner in the Partnership Agreement ; and (xi) any amendment that materially impairs the rights of any existing Class of Limited Partners relative to the rights of any proposed Class of Limited Partners (collectively, "Voting Events").

Any Voting Event referred to above must be approved by Limited Partners holding more than fifty percent (50%) of the Fund's limited partnership interests (a "Majority of Interest") (by vote or by resolution in writing).

Notwithstanding anything in the Fund Documents to the contrary, no amendment to the Partnership Agreement shall (i) commit any Limited Partner to make additional capital contributions to the Fund; (ii) reduce a Limited Partner's capital account; or (iii) subject any Limited Partner to personal liability, in each case unless the written consent of the affected Limited Partner is received by the General Partner or deemed to be given by the Limited Partner pursuant to the Partnership Agreement.

Actions requiring consent of the Partners must be accomplished by written consent of the Partners holding the requisite percentage interests (note that the Partnership Agreement does not contemplate Partners' meetings). If an action is proposed by the General Partner, the General Partner may request such consents, require that responses be provided within a specified period (not less than **thirty (30) days**) and provide that failures to respond within the specified period will be deemed consents.

Termination of the Fund

Limited Partners holding a Majority of Interest may cause the Fund to be terminated at any time by following the procedure set forth in the Partnership Agreement. The General Partner may cause the Fund to be terminated if the Fund's assets have become so reduced, or the Fund's ongoing expenses have become so large that, in the General Partner's determination, it is impracticable to continue to operate the Fund, as provided in the Partnership Agreement.

Liability of Partners

The Partnership Agreement provides that no Limited Partner will be personally liable for any of the debts of the Fund or for any losses of the Fund beyond the amount contributed by such Limited Partner to the Fund, plus such Limited Partner's share of the undistributed profits of the Fund; except that when a Limited Partner has received a distribution from the Fund, the Limited Partner will be liable to return such amount to the Fund to the extent that, immediately after giving effect to the distribution, the liabilities of the Fund, other than to Partners on account of their interests in the Fund and those as to which recourse of creditors is limited to specified assets of the Fund, exceed the fair value of the Fund's assets (other than those assets subject to liabilities as to which recourse of creditors is so limited, to the extent of such liabilities), as required under the Delaware Act.

Exculpation; Indemnification

Neither the General Partner nor any member, employee, agent or affiliate of the General Partner will be liable to the Fund or to any Limited Partner for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Fund, and no such act or omission will in and of itself constitute a breach of any duty owed by any such person to the Fund or any Limited Partner under the Partnership Agreement or the Delaware Act, *provided* the act or omission did not constitute gross negligence or a willful violation of law. The Fund is obligated to indemnify the General Partner (and the members, employees, agents, and affiliates of the General Partner, including the Investment Manager) for any loss, claim, damage, liability or expense ("***losses***") incurred by it (or them) in connection with their management of the Fund's affairs, participation in such management, or rendering of advice or consultation with respect to such management, or that relate to, the Fund, its business or its affairs, except to the extent the acts or failures to act that gave rise to those losses constitute gross negligence or a willful violation of law. In addition, the Fund must pay the expenses incurred by such persons in defending or responding to any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative, arbitrative or investigative, or any appeal in such an action, suit or proceeding, as incurred, in advance of the final disposition of such action, suit or proceeding, provided such persons agree to repay such expenses to the extent such expenses were incurred defending or responding to claims or allegations for which he or she or it is not entitled to indemnification. *See* Article VIII of the Partnership Agreement.

Certain securities laws impose liabilities on investment advisers, issuers of securities and others under certain circumstances. While the General Partner does not believe the indemnification provisions of the Partnership Agreement are inconsistent with those laws, to the extent, under particular circumstances, those laws would limit the enforceability of the indemnification and liability limiting provisions of either agreement, the Partners will not be deemed to have waived or be limited as to any right they may have under any of those laws.

Reports

Partners will receive unaudited quarterly statements of the Fund's performance and an annual audited financial report together with tax information as soon as possible following the end of the calendar year. For a more complete description of the books, records, and reports to be made available or to be provided by the Fund to the Partners, *see* Article XII of the Partnership Agreement.

Confidentiality

In connection with the organization of the Fund and the Fund's ongoing business, the Limited Partners will receive or have access to confidential proprietary information concerning the General Partner, the Investment Manager and the Fund, including, without limitation, portfolio positions, valuations, information regarding potential investments, financial and performance information, trade secrets and the like (collectively, "Confidential Information"), which is proprietary in nature and nonpublic. Partners, and affiliates of Partners, may not, directly or indirectly, use, utilize, communicate, otherwise disclose or cause to be disclosed any Confidential Information to any person entity for any purpose whatsoever except: (i) as required by law or requested by regulators or government entities; (ii) as permitted in writing by the General Partner; or (iii) to the extent that such Confidential Information becomes public, other than from a violation of such Limited Partner of the Partnership Agreement; and Limited Partners that are funds-of-funds or similar entities may disclose Confidential Information about the Fund necessary to enable them to fulfill their legal obligations to their investors or stakeholders.

The provisions in the Partnership Agreement relating to confidentiality will survive the termination of the Partnership Agreement and the withdrawal of any Limited Partner for a period of 6 years.

Non-Solicitation

Prior to the full withdrawal or removal of a Limited Partner from the Fund, and for a period of **three (3) years** thereafter, such Limited Partner shall not, directly or indirectly, on behalf of such Limited Partner or any other person, (i) solicit, induce or encourage the resignation of any officer, director, employee, shareholder, partner or member of the General Partner, the Investment Manager, the Fund or any of their respective affiliates, or hire or offer to hire any such officer, director, employee, shareholder, partner or member whom the General Partner, the Investment Manager, the Fund or any of their respective affiliates employed at any time during the **twelve (12) month** period preceding the withdrawal or removal of such Limited Partner; or (ii) in any way interfere or attempt to interfere with the relationship between the General Partner, the Investment Manager, the Fund, or any of their respective affiliates and any of their respective officers, directors, employees, shareholders, partners or members, and the non-solicitation restriction does not apply to the hiring of a person responding to an advertisement or job posting.

INVESTMENTS BY EMPLOYEE BENEFIT PLANS

General

The following section sets forth certain consequences under ERISA, or the Code, which a fiduciary of an "employee benefit plan," as defined in and subject to ERISA, or of a "plan," as defined in and subject to Section 4975 of the Code, who has investment discretion should consider before deciding to invest the plan's assets in the Fund (such "employee benefit plans" and "plans" being referred to herein as "***Plans***,"

and such fiduciaries with investment discretion being referred to herein as "***Plan Fiduciaries***"). The following is not intended to be complete, but only to address certain questions under ERISA and the Code which are likely to be raised by the Plan Fiduciary's own counsel.

In general, the terms "employee benefit plan" and "plan" as defined in ERISA and Section 4975 of the Code together refer to any plan or account of various types which provide retirement benefits or welfare benefits to an individual or to an employer's employees and their beneficiaries. Such plans include, but are not limited to, corporate pension and profit sharing plans, "simplified employee pension plans," KEOGH plans for self-employed individuals (including partners), individual retirement accounts described in Section 408 of the Code and medical benefit plans.

Each Plan Fiduciary must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Fund, including the role an investment in the Fund plays in the Plan's investment portfolio. Each Plan Fiduciary, before deciding to invest in the Fund, must be satisfied that investment in the Fund is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Fund, are diversified so as to minimize the risks of large losses and that an investment in the Fund complies with the documents of the Plan and related trust.

Restrictions on Investments by Benefit Plan Investors

A regulation issued under ERISA contains rules for determining when an investment by a Plan in an entity will result in the underlying assets of the entity being assets of the Plan (i.e., "***plan assets***"). Those rules provide that assets of an entity will not be plan assets of a Plan that purchases an interest therein if the investment by all "benefit plan investors" is not "significant" or certain other exceptions apply. The term "benefit plan investors" includes all Plans (i.e., all "employee benefit plans" and "plans" defined in and subject to ERISA and all "plans" as defined in and subject to Section 4975 of the Code), all "employee benefit plans" which are defined in but not subject to either ERISA or Section 4975 of the Code, and also all entities that hold "plan assets" due to investments made in such entities by already described benefit plan investors. In addition, all or a portion of an investment made by an insurance company using assets from its general account may be treated as a benefit plan investor. Investments by benefit plan investors will be deemed not significant if benefit plan investors own, in the aggregate, less than 25% of the total capital of each class of equity interest of such entity (determined by not including the investments of persons with discretionary authority or control over the assets of such entity, any person who provides investment advice for a fee with respect to such assets, and "affiliates" (as defined in the regulations issued under ERISA) of such persons).

In order to avoid causing assets of the Fund to be "plan assets," the General Partner intends to restrict aggregate investment by benefit plan investors to under 25% of the total capital of each class of equity interest of the Fund (not including the investments of the General Partner, any person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Fund, and any entity that is directly or indirectly through one or more intermediaries controlling, controlled by or under common control with any of such entities (including an entity for which the General Partner is the manager or provides investment advice) and each of the principals, officers and employees of any of the foregoing entities who has the power to exercise a controlling influence over the management or policies of such entity or of the Fund). Furthermore, because the 25% test is ongoing, it not only restricts additional investments by benefit plan investors, but also can cause the General Partner to require that existing investors withdraw from the Fund in the event that other investors withdraw. If rejection of subscriptions or such mandatory withdrawals are necessary, as determined by the General Partner, to avoid causing the assets of the Fund to be "plan assets," the General Partner will effect such rejections or withdrawals in such manner as the General Partner, in its sole discretion determines.

Ineligible Purchasers

In general, Interests may not be purchased with the assets of a Plan if the General Partner, a broker, cash manager, any trading advisor to whom any of the Fund's capital is allocated, any selling agent or any of their respective affiliates either (a) has investment discretion with respect to the investment of such plan

assets; (b) has authority or responsibility to give or regularly gives investment advice with respect to such plan assets, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such plan assets and that such advice will be based on the particular investment needs of the Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

Except as otherwise set forth, the foregoing statements regarding the consequences under ERISA and the Code of an investment in the Fund are based on the provisions of the Code and ERISA as currently in effect, and the existing administrative and judicial interpretations thereunder. No assurance can be given that administrative, judicial, or legislative changes (other than those discussed above) will not occur that will not make the foregoing statements incorrect or incomplete.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF PLANS IS IN NO RESPECT A REPRESENTATION BY THE GENERAL PARTNER OR ANY OTHER PARTY THAT THIS INVESTMENT MEETS THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN OR THAT THIS INVESTMENT IS APPROPRIATE FOR ANY PARTICULAR PLAN. THE PERSON WITH INVESTMENT DISCRETION SHOULD CONSULT WITH HIS OR HER ATTORNEY AND FINANCIAL ADVISERS AS TO THE PROPRIETY OF ANY INVESTMENT IN THE FUND IN LIGHT OF THE CIRCUMSTANCES OF THE PARTICULAR PLAN.

PRIVACY OF PERSONAL DATA OF INVESTORS

This section describes the policies and practices ("Privacy Policies") of the General Partner and the Fund for collecting, handling, sharing and securing non-public personal information they obtain about individual Limited Partners and potential investors, whether domiciled in the United States, the European Union, or elsewhere. The General Partner and Fund adhere to the privacy laws of the United States, the State of California and the European Union (where applicable to the General Partner or the Fund)(the "Privacy Laws"). As used in this section, "non-public personal information" means non-public personally identifiable financial information the General Partner or the Fund obtain about individual Limited Partners (not entities) in connection with the sale of Limited Partnership interests in the Fund and services to the Limited Partners. This discussion includes examples of the types of information the Fund and the General Partner may collect and the kinds of persons with whom they may share information. These examples are illustrative and should not be considered a complete inventory of the General Partner's and Fund's information collecting or sharing practices.

The General Partner and the Fund collect and maintain non-public personal information about individual investors and Limited Partners as follows:

Information the Fund and General Partner receive on Fund subscription documents, investor questionnaires and related forms, and on other forms which investors or Limited Partners complete and submit to the General Partner and the Fund and other information provided in writing, in person, by telephone, by electronic communication, or by any other means containing for example, name, date of birth, place of birth, tax identification number, correspondence records, passport number, bank account details, address, telephone numbers, social security number, nationality, e-mail address, contact details, corporate contact information, signature, broker's name, selling agent's name, employment, approximate net worth and approximate annual income and investment activity, information and experience;

Information about investment and other transactions (for example, account activity and balances) with the Fund and its affiliates (the Fund's affiliates include the General Partner and its principal);

Information the General Partner and Fund receive from consumer reporting agencies, such as an investor's credit history;

Information the General Partner and Fund receive from purchaser representatives, financial advisers, investment consultants or other financial institutions;

Information the General Partner and Fund create, receive or maintain relating to a Limited Partner's capital account, such as profit and loss allocations and capital withdrawals and additions;

Information provided by investors in telephone calls, which may be recorded by the General Partner, as required or permitted by applicable laws; and

Special categories of personal data (as defined in the Privacy Laws to which the Fund and the General Partner are subject) where provided by an investor, with the investor's consent, such as disability information or religious data for purposes required by an investor for purposes such as scheduling of meetings or access to the General Partner's premises.

The General Partner collects personal information from potential investors and Limited Partners to fulfill its contractual obligations, statutory and regulatory obligations and the legitimate interests of the General Partner and for other purposes for which the General Partner has a lawful basis under the Privacy Laws, including to discharge its anti-money laundering obligations, to verify the identity of customers (and, where applicable, their beneficial owners), to prevent fraud, for regulatory or tax reporting purposes or in response to legal requests or requests from regulatory authorities (so that, for example, the General Partner or the Fund can comply with a legal obligation to which it is subject); to communicate with Limited Partners; in its investment activities for the Fund, including investment due diligence, investment monitoring, or as part of "Know Your Customer" requirements of brokers, counterparties, exchanges, or regulatory bodies to the rules of which the General Partner or the Fund are subject; in connection with litigation, investigations, regulatory or government enquiries or other legal or regulatory purposes involving the General Partner, the Fund or Limited Partners; or for other legitimate business interests including but not limited to marketing, quality control, business and statistical analysis, tracking fees and costs, customer service, training and related purposes (provided that these purposes are related to the General Partner's or a third party's legitimate interests and those legitimate interests are not overridden by the interests, fundamental rights or freedoms of the owner of the personal data, and further provided that the General Partner and the Fund act in a fair, transparent and accountable manner and have taken appropriate steps to prevent the activity's having any unwarranted impact of the owner and noting the owner's right to object to such use. If the owner of personal data has provided special categories of personal data to the General Partner or the Fund to enable them to respond to requests of the owner of personal data, such as access requests or for the scheduling of meetings or similar requirements, the General Partner and the Fund have done so with the owner of such personal data's consent. If the General Partner or the Fund wish to use a person's personal data for any purpose requiring that person's consent, the General Partner and the Fund will contact that person.

The Fund may share any of the nonpublic personal information that it collects about Limited Partners with the Fund's affiliates and their employees to enable the Fund to provide statements, information and services to its Limited Partners for marketing, trading, administration, service and other purposes or otherwise as permitted or required by law. The Fund and the General Partner will take steps to ensure that personal data is accessed only by employees of such affiliates having a need to know for the purposes described in this section.

The Fund will not disclose nonpublic personal information about Limited Partners to non-affiliated third parties (i.e., third parties who are not Fund Affiliates), except as follows: (a) the Fund will share such information with nonaffiliated third parties with a need to know such information to enable the Fund to provide statements, information and services to its Limited Partners for marketing, trading, administration, service and related purposes (e.g., financial service providers, such as the Fund's prime brokers, professional representatives of the Fund, such as the Fund's counsel, accountants and auditors, selling agents, and other service providers, such as providers who develop or help maintain the Fund's web site or who develop software for the Fund, and their employees and agents); (b) the Fund may share such information with non-affiliated third parties acting in a fiduciary or representative capacity on the Limited Partner's behalf, such as an IRA custodian or Trustee of a grantor trust or to government agencies and

self-regulatory agencies in order to respond to or comply with a subpoena or court order, judicial process or a request or requirement of regulatory authorities; (c) the Fund will share such information with others of its counterparties, including any portfolio fund, any vendor, any lender or any of their respective managers or other agents or representatives of any affiliate of any of the foregoing (for example, with a prospective portfolio fund in order to respond to AML inquiries by such portfolio fund); (d) if the General Partner is acquired by a third party, in which case personal data held by the General Partner will be disclosed to the third party buyer, or if the General Partner sells any of its business or assets, in which case it may disclose personal data to the prospective buyer for due diligence purposes, subject to appropriate safeguards; and (e) the Fund may share information with non-affiliated third parties as otherwise permitted or required by law, or if the Fund or the General Partner is required to do so by law (for example, if either is under a duty to disclose such personal data in order to comply with any legal obligation or to establish, exercise or defend their respective legal rights).

The Fund and the General Partner take their responsibility to protect the privacy and confidentiality of a Limited Partner's and a former Limited Partner's non-public personal information seriously. The Fund and the General Partner maintain physical, electronic, and procedural protections in accordance with federal standards to safeguard each Limited Partner's non-public personal information and to prevent unauthorized access to such information. The Fund and the General Partner require Fund Affiliates and non-affiliated third parties who perform services on the Fund's or General Partner's behalf, and to whom the Fund or General Partner disclose non-public personal information about the Fund's Limited Partners, to agree to adhere to confidentiality, security and use standards consistent with the Fund's Privacy Policies standards.

The Fund will send to its Limited Partners notice of its Privacy Policies annually and whenever such Policies change, as required by law. If a Limited Partner ceases to be a Limited Partner of the Fund, the Fund will continue to follow its Privacy Policies and practices with respect to such former Limited Partner's non-public personal information, but a former Limited Partner will not receive future notices from the Fund. The Fund reserves the right to modify or supplement its Privacy Policies at any time, and to apply changes to information previously collected, as permitted by law.

ANTI-MONEY LAUNDERING REGULATIONS

In order to comply with regulations aimed at the prevention of money laundering, the General Partner will require verification of identity and source of funds from all prospective investors (unless in any case the General Partner is satisfied that an exemption is available under the U.S. money laundering laws and regulations). The General Partner reserves the right to request such information as is necessary to verify the identity and source of funds of a prospective investor. In the event of delay or failure by the prospective investor to produce any information required for verification purposes, the Fund may refuse to accept the application and, if so, any funds received will be returned without interest to the account from which the monies were originally debited. Any such information obtained with respect to individual investors will be used in accordance with the section above entitled "*Privacy of Personal Data of Investors*". Prospective investors should note that if either the General Partner or the Administrator has a suspicion that a payment to the Fund (by way of capital contribution or otherwise) contains the proceeds of criminal conduct, it may be required under applicable anti-money laundering laws and regulations to report its suspicions to one or more enforcement or regulatory agencies, including various U. S. government agencies.

ADDITIONAL INFORMATION

The General Partner is available to answer prospective investors' questions and will make available any additional information to the extent such information can be obtained without unreasonable effort or expense.

Prospective investors and their advisors are invited to communicate with the General Partner at the office, or by telephone at the telephone number identified in the Directory.

Miscellaneous

The Law Office of John P. Ziaukas acts as counsel to the General Partner in connection with this offering of Interests. In connection with this offering of Interests and ongoing advice to the Fund, the General Partner and their affiliates, Mr. Ziaukas has not represented and will not be representing the Limited Partners. No independent counsel has been retained to represent the Limited Partners, who are urged to consult their own legal counsel with respect to any questions they may have about the operation of the Fund. Mr. Ziaukas's representation of the Fund, the General Partner and their affiliates is limited to those specific matters upon which he has been consulted. There may exist other matters that would have a bearing on the Fund, the General Partner and their affiliates upon which Mr. Ziaukas has not been consulted. Mr. Ziaukas does not undertake to monitor the compliance of the Fund, the General Partner and their affiliates with the investment program, valuation procedures and other guidelines set out in this Memorandum, nor does he monitor compliance with applicable laws. Additionally, in all cases, including the preparation of this Memorandum, Mr. Ziaukas relies upon information furnished to him by the General Partner, its affiliates and the Fund's service providers and does not investigate or verify the accuracy and completeness of that information. In the course of advising the Fund, the General Partner and their affiliates, there may be times when the interests of the Fund, the General Partner or their affiliates may differ from those of the Limited Partners. Mr. Ziaukas does not represent the interests of the Limited Partners in resolving those issues.