

- Alkeon may use leverage by borrowing on margin or investing in derivative instruments (such as options, swaps and futures) which increases volatility and the adverse impact to which Alkeon's funds may be subject.
- Alkeon may purchase and sell options on securities. The sale of options could result in unlimited loss depending on actual price movement in the underlying security.
- A fund may not be able to generate cash necessary to satisfy investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force Alkeon to liquidate investments too rapidly, and may so reduce the size of a fund that it cannot generate returns or reduce losses.
- Alkeon's investment program emphasizes active management of the portfolio. Consequently, the fund's portfolio turnover and brokerage commission expenses may exceed those of other private investment funds. A high portfolio turnover rate may also result in the greater realization of capital gains, including short-term gains which are taxable to certain investors at the same rates as ordinary income.
- Counterparties such as brokers, dealers, custodians and administrators with which Alkeon does business on behalf of the funds may default on their obligations. For example, a fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- A fund may limit or suspend withdrawals or redemptions of an investor's assets from the fund.
- Alkeon may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal redemption rights that it does not provide to other investors or clients.
- A fund may establish a reserve for contingencies if Alkeon considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- Some of the funds that Alkeon manages are not registered investment companies under the 1940 Act. Alkeon believes that this registration is not required because an exemption is available under applicable law. Investors in those funds do not have certain regulatory protection that they would have if this registration was in place.
- No fund or investor has been represented by separate counsel. The attorneys who represent Alkeon do not represent funds or investors. Funds and investors must hire their own counsel for legal advice and representation.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Alkeon must devote to regulatory compliance, to the detriment of investment activities.