

in specific industry sectors and may include short- or long-term investments, as well as investments in investment grade or distressed debt or equity.

- *Relative Value Long/Short Equity* – involves taking a number of long and short positions in a particular equity market to create a portfolio that is designed to have a reduced, if any, net market exposure. Equities that are deemed relatively undervalued are purchased long and relatively overvalued equities are sold short. This strategy can benefit from relative value discrepancies with reduced stock market risk and may be driven by fundamental analysis of industry sectors.
- *Fundamental Long/Short Equity* – involves taking long positions in undervalued equity securities and short positions in overvalued equity securities. In this strategy, the Multi-Strat Funds often accept some equity market exposure seeking to profit from both security selection and thematic sector or market timing decisions.

Leverage at the Levered Fund Level

In pursuing its investment objective (*i.e.*, its investment in the Master Fund through the Intermediate Fund), the Levered Fund expects to employ a substantial degree of leverage at the Levered Fund level (“Fund Leverage”), which is in addition to the leverage obtained at the Master Fund level. Although the Levered Fund has no pre-determined limitations on the amount of leverage it may utilize, the Levered Fund’s target leverage is 1.5x-2x net asset value (“NAV”). The Levered Fund may use more or less leverage without notice to the shareholders. Leverage is also used by the Master Fund. While leverage presents the opportunity for increasing the total return on investments, it has the effect of potentially increasing losses as well.

The Levered Fund will obtain the Fund Leverage from a third party multi-national financial institution (such institution, or any additional or substitute lender, the “Lender”). Under the terms of this financing, the Levered Fund intends to secure Fund Leverage by pledging all of its assets, including its interests in the Intermediate Fund, to the Lender. Further, the Intermediate Fund will guarantee the Levered Fund’s obligations to the Lender and pledge all of its assets, including its interests in the Master Fund (which guarantee will be limited to the NAV of the Fund’s interests in the Intermediate Fund) to the Lender. The Fund Leverage will take the form of a note issued by the Levered Fund to the Lender and/or other similar instruments or structures designed to achieve a similar result. The cost of the Fund Leverage will be structured as a floating benchmark which will be reset periodically plus a fixed additional amount which may be reset annually. The principal amount will be payable at the end of the one year term unless the Lender determines not to extend the Fund Leverage. The Fund Leverage will be provided under agreements (“Lender Agreements”) that will require the Levered Fund to make customary representations as well as provide the Lender with additional rights including but not limited to indemnity rights and rights to have any increased costs or other expenses reimbursed. The Lender Agreements will also subject the Fund to additional obligations and requirements such as reporting, borrower covenants, and representations, investments guidelines and portfolio diversification. The Lender Agreements will also