As of the date of this Memorandum, the Management Company categorizes its strategies into the following four groups in its reports to Limited Partners: (i) event-driven/merger arbitrage (which includes long/short equity); (ii) volatility trading; (iii) convertibles; and (iv) credit.

Illustrative Trading Strategies and Techniques

Certain of the specific trading strategies and techniques (including sub-strategies) that have historically been used for the Underlying Funds are outlined below for illustrative purposes. The following does not purport to be a complete list of all trading strategies employed, and certain of an Underlying Fund's trades may involve a combination of, or a departure from, these strategies. At different times, an Underlying Fund may employ certain, all or none of the following strategies and an Underlying Fund may also employ numerous other trading techniques, including strategies involving materially higher levels of risk than any of the following strategies.

Event/Merger Arbitrage: Event/merger arbitrage involves the investing in Securities of an issuer which is involved in prospective mergers or corporate combinations, acquisitions, tender offers, exchange offers, corporate recapitalizations, litigation or spin-offs or other corporate action transactions with the expectation of profiting from the difference between the price of such Securities at the inception of the investment and the price of such Securities in expectation of or upon consummation of particular events.

Derivative Arbitrage: Derivative arbitrage encompasses investment strategies that involve the purchase and sale of options, futures, warrants, swaps and other derivative Securities in anticipation of profiting from a relative mispricing between them. These transactions may be offset in the underlying principal markets. Examples of such strategies are commonly known as index arbitrage and volatility arbitrage. Underlying instruments can include equities, bonds, commodities or credit instruments.

Options Arbitrage: Options arbitrage (also known as options-volatility trading) is a derivatives based strategy that seeks to profit from market turbulence or lack thereof, as reflected in movements in option prices that result from either market volatility or market fluctuations. The goal of this strategy is to buy inexpensively priced (i.e., low implied volatility) options whose underlying instruments are historically more volatile, and sell expensively priced (i.e., high implied volatility) options whose underlying instruments are historically less volatile. The strategy may be implemented through options on equities and equity indices. Such option combinations include spreads (buying an option to buy or sell an asset while simultaneously selling an option to buy or sell the same asset with a different expiration date or strike price) or straddles (option combinations that will profit from movement in the level of the value of an asset outside of certain bands, or the lack of such movement, without regard to whether the movement is upwards or downwards). Option volatility trading may also involve trades in which futures (or other derivatives) are used to create a position that synthetically resembles an option or option combination, or in which options are purchased or sold versus an offsetting position in the underlying market (such as a basket of stocks). The decision process is dependent on fundamental and technical analysis of the underlying instruments. Computer models may be used to enhance the execution of various hedges.