

## **Valuation of Assets and Liabilities**

The value of the Partnership's assets and liabilities will be primarily based on the value of the Underlying Funds' assets and liabilities. The valuation of any asset or liability involves inherent uncertainty. The value of a security utilized by the Administrator (as defined below) in determining the net asset value of the Partnership and the Underlying Funds may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market.

## **GAAP Net Asset Value Divergence**

Due to GAAP requirements, the net asset value of the Partnership for purposes of GAAP-compliant financial reporting may diverge from the net asset value of the Partnership for all other purposes, including, without limitation, for purposes of allocating gains and losses among the Limited Partners, which, as described in this Memorandum, is relevant to, among other things, determining the balance of each Capital Account, calculating the Management Fee and the Incentive Allocation, and calculating the amounts payable by the Partnership in respect of a withdrawal by or distribution to a Limited Partner. Net asset value divergence may occur, for example, in connection with the amortization of the organizational and initial offering expenses of the Partnership, the measuring of fair value (as a result of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820), or the recognition or unrecognition of uncertain tax positions (as a result of FASB ASC 740).

## **Certain Trading and Investing Techniques**

### **Model Risk**

Certain strategies may require the use of quantitative valuation models that the Management Company has developed over time, as well as valuation models developed by third parties and made available to the Management Company or the Valuation Agents. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without the Management Company recognizing that fact before substantial losses are incurred. There can be no assurance that the Management Company will be successful in continuing to develop and maintain effective quantitative models, and the necessity of continuously updating these models demonstrates that the Management Company's past successful results may not be representative of the Partnership's future performance. Models are subject to limitations, including, but not limited to, those caused by incorrect or unrealistic assumptions, computer herding, inapplicability of historical data, omission of key data, erroneous code, oversimplification and underpricing risk.

Model risk extends to the valuation of less liquid investments to the extent they are made on the basis of models, taking into account market inputs, where available, and the results of any valuation analyses of independent valuation consultants (including a Valuation Agent), in the absence of any readily-determinable market values. The valuations so determined may differ materially from the value ultimately realized upon the liquidation of such investment.